

Petition for Approval of Divestiture Transaction

August 1998

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Docket D.T.E. 98-83

Volume 2 of 3



Eastern Edison Company
and
Montaup Electric Company

Filing for Approval of Divestiture Transaction

VOLUME II
Contract Documents Pertaining to the Proposed Sale

- | | |
|---------------|--|
| Exhibit MJH-3 | Letter dated May 16, 1998 Re: Asset Sale Agreements dated as of May 15, 1998 |
| Exhibit MJH-4 | Asset Sale Agreement by and between Montaup Electric Company and Southern Energy New England, L.L.C. as of May 15, 1998 |
| Exhibit MJH-5 | Wholesale Standard Offer Service Agreement between Blackstone Valley Electric Company, Eastern Edison Company, Newport Electric Corporation and Southern Energy New England, L.L.C., dated May 15, 1998. |
| Exhibit MJH-6 | Guaranty of Southern Energy, Inc. in favor of Montaup Electric Company |
| Exhibit MJH-7 | Bill of Sale and Agreement between Montaup Electric Company and Commonwealth Electric Company, dated June 23, 1998 |

EXHIBIT MJH-3

Letter Agreement

May 16, 1998

Canal Electric Company
Montaup Electric Company
Cambridge Electric Light Company
Commonwealth Electric Company

COPY

Re: Asset Sale Agreements dated as of May 15, 1998

Gentlemen:

The undersigned Southern Energy New England, L.L.C. ("Southern LLC") has executed the above-referenced Asset Sale Agreements by and between Southern LLC and each of you (the "Asset Sale Agreements") pursuant to which each of you has agreed to sell and Southern LLC has agreed to purchase certain assets owned by each of you; and the undersigned Southern Energy, Inc. ("Southern Energy") has executed Guarantees dated as of May 15, 1998 (the "Guarantees") with respect to the obligations of Southern LLC under the Asset Sale Agreements.

This letter confirms that Southern LLC is hereby delivering to each of you the Asset Sale Agreements and the Related Agreement (as defined therein), and Southern Energy is delivering to each of you the Guarantees, and each of you is executing your respective Asset Sale Agreement and the Related Agreements, in each case to be held in escrow by each of you and by the undersigned in accordance with this letter pending approval of the Board of Directors of Southern Company of the Asset Sale Agreements, the Related Agreements and the Guarantees.

If the Board of Directors of Southern Company shall vote not to approve the Asset Sale Agreement, the Related Agreements and the Guarantees and the transactions contemplated thereby, we shall immediately so notify you by telephone, subsequently confirmed in writing, and the Asset Sale Agreements, the Related Agreements and the Guarantees shall thereupon be null and void and of no further force or effect. If the Board of Directors of Southern Company approves the Asset Sale Agreements, the Related Agreements and the Guarantees and the transactions contemplated thereby, we shall immediately so notify you by telephone, subsequently confirmed in writing, and the Asset Sale Agreements, the Related Agreements and the Guarantees shall thereupon be deemed to be immediately delivered by the undersigned to each of you and by each of you to the undersigned, and shall thereafter be and remain in effect in accordance with their respective terms. If Southern LLC and Southern fail to notify you that the Board of Directors of Southern Company has approved the Asset Sale Agreements, the Related Agreements and the Guarantees and the transactions contemplated thereby on or before May 26, 1998, then, at your option, the Asset Sale

Agreements, the Related Agreements and the Guarantees shall be null and void and of no further force or effect upon your written notification to the undersigned to such effect delivered prior to the date you are notified that the Southern Company Board of Directors has approved the transaction.

If this letter accurately represents our agreement, please so indicate by executing a counterpart of this letter and delivering it to the undersigned.

Very truly yours,

SOUTHERN ENERGY NEW ENGLAND L.L.C.

By: 

NAME: RANDY HARRISON

TITLE: VICE PRESIDENT

SOUTHERN ENERGY, INC.

By: 

NAME: RANDY HARRISON

TITLE: VICE PRESIDENT

AGREED AND ACCEPTED:

CANAL ELECTRIC COMPANY

By: 

NAME: JAMES D. RAPPOLI

TITLE: FINANCIAL VICE PRESIDENT

MONTAUP ELECTRIC COMPANY

By: 

NAME: Kevin A. Kirby

TITLE: Vice President

CAMBRIDGE ELECTRIC LIGHT COMPANY

By: James D. Rappol.

NAME: _____

TITLE: _____

COMMONWEALTH ELECTRIC COMPANY

By: James D. Rappol.

NAME: _____

TITLE: _____

EXHIBIT-MJH-4

Asset Sale Agreement

EXECUTION COPY

ASSET SALE AGREEMENT
BY AND BETWEEN
MONTAUP ELECTRIC COMPANY
AND
SOUTHERN ENERGY NEW ENGLAND, L.L.C.

AS OF
MAY 15, 1998

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- Exhibit D - FIRPTA Affidavit
- Exhibit E - Interconnection Agreement
- Exhibit F - Wholesale Standard Offer Service Agreement
- Exhibit G - Guaranty

ASSET PURCHASE AGREEMENT

THIS ASSET SALE AGREEMENT, dated as of May 15, 1998, is by and between Montaup Electric Company, a Massachusetts corporation (the "*Seller*"), and Southern Energy New England, L.L.C., a Delaware limited liability company (the "*Buyer*"). Buyer and Seller are sometimes referred to herein as a "*Party*" or a "*party*" and collectively as the "*Parties*" or the "*parties*".

WHEREAS, the Buyer desires to purchase, and the Seller desires to sell, the Assets (as defined herein) upon the terms and conditions hereinafter set forth in this Agreement;

NOW, THEREFORE in consideration of the mutual covenants, representations, warranties and agreements hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 *Definitions.* (a) As used in this Agreement, the following terms have the meanings specified in this Section 1.1(a).

(1) "*Affiliate*" has the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(2) "*Allowance*" means (i) an authorization by the Administrator of the United States Environmental Protection Agency under the Acid Rain Program to emit up to one ton of sulfur dioxide during or after a specified calendar year; or (ii) an authorization by the Massachusetts Department of Environmental Protection under the state Nitrogen Oxides ("*NOx*") Budget Program (310 C.M.R. 7.27) authorizing the emission of up to one ton of NOx during the ozone season, May 1 through September 30 of each year.

(3) "*Assets*" means all of the right, title and interest of the Seller under the Project Documents in and to the real and personal property, tangible or intangible constituting the Canal Station or used principally in connection with the Canal Station including, without limitation, the Seller's rights in the following assets but subject to the Easements and excluding the Excluded Assets referred to in Section 2.2:

(i) the real property (including all buildings, structures and other improvements thereon) described in the Deed (the "*Real Property*");

(ii) all inventories of fuels, supplies, materials and spare parts located on or in transit to Canal Station on the Closing Date;

- (iii) the machinery, equipment, vehicles, furniture and other personal property located on the Real Property on the Closing Date, including, without limitation, the items of personal property included in Schedule 1.1 (a)(3)(iii) as being associated with Canal Station;
- (iv) the contracts, agreements and personal property leases listed on Schedule 5.11(a) or described in Section 5.11(a)(iii) as being associated with Canal Station and which are assignable;
- (v) the Operating Permits listed on Schedule 1.1 (a)(32) that are transferred to Buyer on the Closing;
- (vi) all books, operating records, engineering or design plans, specifications, procedures and similar items of the Seller relating specifically to the aforementioned assets other than books of account;
- (vii) certain of the Allowances and/or Emission Reduction Credits associated with Canal Station as are set forth on Schedule 1.1(a)(3)(vii);
- (viii) all unexpired, transferable warranties received by the Seller from third parties with respect to Canal Station or any of the Assets as of the Closing Date;
- (ix) all intellectual property owned by the Seller and relating to the Assets, including, without limitation, the right of the Seller in and to the name "Canal Station";
- (x) all rights of the Seller in and to any causes of action against third parties relating to any Asset or Assumed Liabilities;
- (xi) all guarantees and indemnification rights relating to the Assumed Liabilities; and
- (xii) those capital improvements to Canal Station identified on Schedule 1.1(a)(3)(xii), which Canal Electric Company will undertake prior to the Closing.

(4) "*Assignment and Assumption Agreement*" means the Assignment and Assumption Agreement pursuant to which the Seller assigns to the Buyer the Assets and the Buyer assumes and agrees to pay and perform certain obligations and liabilities of the Seller associated with the Assets, substantially in the form of Exhibit A hereto.

(5) "*Bill of Sale*" means the Bill of Sale to be delivered at the Closing with respect to the Assets to the extent that the Seller's interest in Canal Station under the Project Documents may constitute personal property, substantially in the form of Exhibit B hereto.

(6) "**Business Day**" shall mean any day other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Boston, Massachusetts, are authorized by law or other governmental action to close.

(7) "**Buyer Representatives**" means the Buyer's accountants, counsel, environmental consultants, financial advisors and other authorized representatives.

(8) "**Canal Station**" means the electric generation facilities known as the Canal Station located in Sandwich, Massachusetts.

(9) "**CERCLA**" means the Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended.

(10) "**Code**" means the Internal Revenue Code of 1986, as amended.

(11) "**Confidentiality Agreement**" means the Confidentiality Agreement among Eastern Utilities Associates, the Seller and the Buyer.

(12) "**Deed**" means the Deed to be delivered at the Closing with respect to the Assets to the extent that the Seller's interests in Canal Station under the Project Documents may constitute real property and which are to be transferred at the Closing, substantially in the form of Exhibit C-1 hereto.

(13) "**Easements**" means the reservations, grants or regrants of easements substantially in the form of Exhibit C-2 hereto to be granted by Canal Electric Company on or prior to the Closing.

(14) "**Emission Reduction Credits**" means credits, in units that are established by the environmental regulatory agency with jurisdiction over the facility that has obtained the credits, resulting from a reduction in the emission of air pollutants from an emitting source or facility (including, without limitation, and to the extent allowable under applicable law, reductions from shut-downs, control of emissions beyond that required by applicable law, and fuel switching), that: (i) have been certified by the Massachusetts Department of Environmental Protection as complying with the law and regulations of the Commonwealth of Massachusetts governing the establishment of such credits (including, without limitation, that such emissions reductions are enforceable, permanent, quantifiable, real, and surplus); or (ii) have been certified by any other applicable regulatory authority as complying with the law and regulations governing the establishment of such credits (including, without limitation, that such emissions reductions are enforceable, permanent, quantifiable, real and surplus). Emission Reduction Credits include certified air emissions reductions, as described above, regardless of whether the regulatory agency certifying such reductions designates such certified air emissions reductions by a name other than "emissions reduction credits".

(15) "*Encumbrances*" means any mortgages, pledges, liens, security interests, conditional and installment sale agreements, activity and use limitations, conservation easements, deed restrictions, encumbrances and charges of any kind.

(16) "*Environmental Laws*" means all Federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders relating to pollution or protection of the environment, natural resources or human health and safety, including, without limitation, laws relating to Releases or threatened Releases of Hazardous Substances (including, without limitation, ambient air, surface water, groundwater, and surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Substances.

(17) "*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

(18) "*Estimated Adjustment Amount*" means the Seller's good faith reasonable estimate of the Adjustment Amount and the Capital Improvement Amount, which estimate shall be provided to the Buyer no later than two Business Days before the Closing.

(19) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

(20) "*Federal Power Act*" means the Federal Power Act of 1935, as amended.

(21) "*FERC*" means the Federal Energy Regulatory Commission.

(22) "*FIRPTA Affidavit*" means the Foreign Investment in Real Property Tax Act Certification and Affidavit substantially in the form of Exhibit D hereto.

(23) "*Guarantor*" means Southern Energy, Inc., a Delaware corporation.

(24) "*Hazardous Substances*" means (a) any petrochemical or petroleum products, oil or coal ash, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid which may contain levels of polychlorinated biphenyls; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "contaminants" or "pollutants" or words of similar meaning and regulatory effect; or (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

(25) "*Holding Company Act*" means the Public Utility Holding Company Act of 1935, as amended.

(26) "*HSR Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(27) "*Income Tax*" means any federal, state, local or foreign Tax (a) based upon, measured by or calculated with respect to net income, profits or receipts (including, without limitation, capital gains Taxes and minimum Taxes) or (b) based upon, measured by or calculated with respect to multiple bases (including, without limitation, corporate franchise taxes) if one or more of the bases on which such Tax may be based, measured by or calculated with respect to, is described in clause (a), in each case together with any interest, penalties, or additions to such Tax.

(28) "*Indenture*" means the Brockton Edison Company Indenture of First Mortgage and Deed of Trust dated as of September 1, 1943, as amended, supplemented or modified.

(29) "*Independent Accounting Firm*" means such independent accounting firm of national reputation mutually appointed by the Seller and the Buyer.

(30) "*Material Adverse Effect*" means any change or changes in or effect or effects on Canal Station or the Assets after the date of this Agreement that, individually or in the aggregate, is materially adverse to Canal Station or the Assets including, without limitation, any change or effect resulting from any governmental action taken after the date hereof applicable generally to the owners and operators of electric generating facilities in the Commonwealth of Massachusetts; provided that a "Material Adverse Effect" shall not include (i) any change or effect resulting from changes in the international, national, regional or local wholesale or retail markets for electric power, (ii) any change or effect resulting from changes in the international, national, regional or local markets for any fuel used at the Assets, (iii) any change or effect resulting from changes in the North American, national, regional or local electric transmission or distribution systems, (iv) any adverse change or effect the adverse impact of which is cured (including by the payment of money) by the Seller before the Termination Date, (v) any change or effect on the Assets affecting only the Seller and not the Buyer or the value of the Assets to the Buyer or (vi) any change or effect on the Assets resulting solely from the Federal or state regulatory status of the Buyer or any of its Affiliates.

(31) "*MDTE*" means the Massachusetts Department of Telecommunications and Energy.

(32) "*Operating Permits*" means those permits, licenses and other governmental authorizations that are necessary to operate Canal Station as operated by Canal Electric Company as of the date of this Agreement which are listed on Schedule 1.1(a)(32).

(33) "*Permitted Encumbrances*" means (i) those Encumbrances set forth in Schedule 1.1(a)(33); (ii) the Easements; (iii) those exceptions to title to the Assets listed in Schedule 5.8; (iv) all exceptions, restrictions, easements, charges, rights of way and monetary and non-monetary encumbrances which are matters of record as of the effective date of the Specimen Title Policy or are set forth in an applicable FERC project license, or Department of the Army, Army Corps of Engineers license or Commonwealth of Massachusetts, Department of Environmental Protection Waterways license except for such encumbrances which secure indebtedness; (v) with respect to any date before the Closing Date, Encumbrances created by the Indenture; (vi) Encumbrances incurred in connection with the Seller's purchase of properties or assets relating to Canal Station after the date of the Balance Sheet securing all or a portion of the purchase price therefor, provided that the aggregate amount of obligations secured by such assets does not exceed \$500,000; (vii) statutory liens for current taxes or assessments not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings, provided that the aggregate amount being so contested does not exceed \$500,000; (viii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Seller or the validity of which are being contested in good faith by appropriate proceedings, provided that the aggregate amount of the obligations underlying such liens does not exceed \$500,000; (ix) zoning, entitlement, conservation restriction and other land use and environmental regulations by governmental authorities, provided that the foregoing do not interfere with the current use of Canal Station; and (x) such other liens, imperfections in or failure of title, charges, easements, restrictions and encumbrances which do not materially detract from the value of the Assets as currently used or materially interfere with the present use of the Assets and do not, in the aggregate, have a Material Adverse Effect.

(34) "*Person*" means any individual, a partnership, a limited liability company, a joint venture, a corporation, a trust, an unincorporated organization and a governmental entity or any department or agency thereof.

(35) "*Power Purchase Agreements*" means, collectively, the Interconnection Agreement between City of Taunton and the Seller, dated as of July 31, 1970, as amended, modified and supplemented and the Contract between Braintree Electric Light Department and the Seller for the Sale of Capacity and Energy from Potter No. 2, dated as of September 25, 1987, as amended, modified and supplemented.

(36) "*Power Sales Agreements*" means those contracts between the Seller and each of the City of Taunton, Massachusetts and Braintree Electric Light Department, pursuant to which the Seller sells a portion of the output from Unit 2 of the Canal Station.

(37) "*Project Documents*" means, collectively, the Agreement for Joint Ownership, dated as of October 27, 1970, between Canal Electric Company and Montaup Electric Company, as amended, modified, or supplemented; the Agreement for Use of Common Facilities, dated as of October 27, 1970, between Canal Electric Company and

Montaup Electric Company, as amended, modified, or supplemented; the Agreement of Lease, dated as of June 1, 1972, between Canal Electric Company and Montaup Electric Company, as amended, modified or supplemented; the Memorandum of Understanding, dated as of September 23, 1993, between Canal Electric Company and Montaup Electric Company, as amended, modified or supplemented (each of which is attached hereto as Schedule 1.1(a)(37)); and each other document, agreement or instrument relating to or evidencing the Seller's interest in Canal Station to which the Seller is a party.

(38) "*Related Agreements*" means the Transition Agreement and the Interconnection and Site Agreement (the "*Interconnection Agreement*") among the Seller, Commonwealth Electric Company and the Buyer substantially in the form of Exhibit E hereto.

(39) "*Release*" means release, spill, leak, discharge, dispose of, pump, pour, emit, empty, inject, leach, dump or allow to escape into or through air, water or soil, or otherwise into or through the environment.

(40) "*SEC*" means the Securities and Exchange Commission.

(41) "*Securities Act*" means the Securities Act of 1933, as amended.

(42) "*Seller's Agreements*" means the Project Documents, the Power Purchase Agreements, the Power Sales Agreements and those other agreements listed on Schedule 5.11(a) or described in Section 5.11(a)(iii).

(43) "*Specimen Title Policy*" means the proposed form of title insurance set forth in Schedule 1.1(a)(47) hereto.

(44) "*Settlement Agreements*" means any agreement or agreements that have been approved by the MDTE in Docket No. 96-24, by the RIPUC in Docket Nos. 2514 and 2592 and by the FERC in Docket Nos. ER97-2800-000, ER97-3127-000, and ER97-2338-000, together with all conditions, terms or modifications imposed by those agencies.

(45) "*Standard Offer Service*" means the electric service required to be provided by a Massachusetts or Rhode Island retail electric distribution company to certain retail customers who do not elect to purchase electricity from an alternative supplier.

(46) "*Subsidiary*" when used in reference to any other Person means any entity of which outstanding securities having ordinary voting power to elect a majority of the Board of Directors or other Persons performing similar functions of such entity are owned directly or indirectly by such other Person.

(47) "*Taxes*" means all taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state or local or foreign taxing authority, including, but not limited to, income, gross receipts, license, stamp, occupancy, water, excise,

property, sales, transfer, use, franchise, payroll, unemployment, withholding, social security or any other taxes of any kind whatsoever, including any interest, penalties or additions attributable thereto.

(48) "*Tax Return*" means any return, report, information return or other document (including any related or supporting information) required to be supplied to any authority with respect to Taxes.

(49) "*Transition Agreement*" means the Wholesale Standard Offer Service Agreement of even date herewith, between the Buyer and certain Affiliates of the Seller, in the form of Exhibit F hereto.

(b) Each of the following terms has the meaning specified in the Section set forth opposite such term:

Term	Section
Adjustment Amount	3.2(a)
Adjustment Statement	3.2(a)
Assumed Liabilities	2.3
Balance Sheet	5.5
Buyer	Recitals
Buyer Required Regulatory Approvals	6.3(b)
Canal Asset Sale Agreement	3.2(d)
Capital Improvement Amount	3.1
Closing	4.1
Closing Amount	4.2
Closing Date	4.1
Conditions	4.1
Direct Claim	9.2(c)
Excluded Assets	2.2
Excluded Liabilities	2.4
Final Order	8.1 (c)
Good Utility Practice	3.1
Indemnifiable Loss	9.1(a)
Indemnifying Party	9.1(d)
Indemnitee	9.1(c)
Interconnection Agreement	1.1(a)(38)
Inventory Adjustment Amount	3.2(a)
Purchase Price	3.1
Real Property	1.1(a)(3)(i)
Seller	Recitals
Seller Required Regulatory Approvals	5.3(b)

ARTICLE II

PURCHASE AND SALE

2.1 **The Sale.** Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing, the Seller will sell, assign, convey, transfer and deliver to the Buyer, and the Buyer will purchase and acquire from Seller, free and clear of all Encumbrances (except for Permitted Encumbrances) all of the Seller's right, title and interest in, to and under the Assets.

2.2 **Excluded Assets.** Notwithstanding any provision herein to the contrary, the Assets shall not include the following (herein referred to as the "Excluded Assets"):

- (a) all cash, cash equivalents, bank deposits, accounts receivable, and any income, sales, payroll or other tax receivables;
- (b) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness, interests in joint ventures, partnerships, limited liability companies and other entities;
- (c) the names "Montaup Electric Company," "Eastern Utilities Associates," "EUA," "Eastern Utilities" or any related or similar trade names, trademarks, service marks or logos;
- (d) the transmission, distribution, substation and communication facilities and related support equipment that are generally located at or adjacent to Canal Station and belonging to the Seller or one or more of its Affiliates and utilized in the electric transmission and distribution business of the Seller or such Affiliates as identified in the diagram attached as Exhibit 1 to the Interconnection Agreement including, without limitation, the Seller's interest in those assets listed on Schedule 2.2(d) hereto;
- (e) any refund or credit (i) related to real or personal property Taxes paid prior to the Closing Date in respect of the Assets, whether such refund is received as a payment or as a credit against future real or personal property Taxes payable, or (ii) arising under any Power Sales Agreement or Power Purchase Agreement and relating to a period before the Closing Date; and
- (f) the Seller's right, title and interest in and to, and obligations under, the Power Purchase Agreements and the Power Sales Agreements and the other rights and assets, if any, described or referred to in Schedule 2.2(f).

2.3 Assumed Liabilities. On the Closing Date, the Buyer shall deliver to the Seller the Assignment and Assumption Agreement, pursuant to which the Buyer shall assume and agree to discharge all of the liabilities and obligations of the Seller, direct or indirect, known or unknown, absolute or contingent, which relate to the Assets, other than the Excluded Liabilities, in accordance with the respective terms and subject to the respective conditions thereof, including, without limitation, the following liabilities and obligations:

- (i) all liabilities and obligations of the Seller under (a) the Project Documents, the Seller's Agreements (other than the Power Purchase Agreements and the Power Sales Agreements), the real property leases, the Settlement Agreements (to the extent relating to the Assets or Canal Station) and the Operating Permits in accordance with the terms thereof, (b) the contracts, leases and other agreements entered into by the Seller with respect to the Assets which would be required to be disclosed on Schedule 5.11(a) but for the exception provided in clause (iii) of Section 5.11(a) of this Agreement, in accordance with the terms thereof, and (c) the contracts, leases and other agreements entered into by the Seller with respect to the Assets after the date hereof consistent with the terms of this Agreement (including, without limitation, agreements with respect to liabilities for real or personal property Taxes on any of the Assets entered into by the Seller and any local governmental authority); except in each case, to the extent such liabilities and obligations, but for a breach or default by the Seller, would have been paid, performed or otherwise discharged on or prior to the Closing Date or to the extent the same arise out of any such breach or default;
- (ii) all liabilities and obligations associated with the Assets in respect of Taxes for which the Buyer is liable pursuant to Section 7.8;
- (iii) any liabilities and obligations associated with the Assets for which the Buyer has indemnified the Seller pursuant to Section 9.1(b);
- (iv) any liability, obligation or responsibility under or related to former, current or future Environmental Laws or the common law, whether such liability or obligation or responsibility is known or unknown, contingent or accrued, arising as a result of or in connection with (a) any violation or alleged violation of Environmental Law, prior to the Closing Date, with respect to the ownership of the Assets; (b) loss of life, injury to persons or property or damage to natural resources (whether or not such loss, injury or damage arose or was made manifest before the Closing Date or arises or becomes manifest after the Closing Date), caused (or allegedly caused) by the presence or Release of Hazardous Substances at, on, in, under, adjacent to or migrating from Canal Station prior to the Closing Date, including, but not limited to, Hazardous Substances contained in building materials at Canal Station or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at or adjacent to Canal Station; and (c) the investigation and/or remediation (whether or not such investigation or remediation commenced before the Closing Date or commences after

the Closing Date) of Hazardous Substances that are present or have been Released prior to the Closing Date at, on, in, under, adjacent to or migrating from Canal Station, including, but not limited to, Hazardous Substances contained in building materials at Canal Station or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at or adjacent to Canal Station; provided, as to all of the above, that nothing set forth in this subsection shall require the Buyer to assume any liabilities that are expressly excluded in Section 2.4;

(v) any liability, obligation or responsibility under or related to former, current or future Environmental Laws or the common law, whether such liability or obligation or responsibility is known or unknown, contingent or accrued, arising as a result of or in connection with (a) any violation or alleged violation of Environmental Law, after the Closing Date, with respect to the ownership of the Assets; (b) compliance with applicable Environmental Laws after the Closing Date with respect to the ownership or operation of Canal Station; (c) loss of life, injury to persons or property or damage to natural resources caused (or allegedly caused) by the presence or Release of Hazardous Substances at, on, in, under, adjacent to or migrating from Canal Station after the Closing Date, including, but not limited to, Hazardous Substances contained in building materials at or adjacent to Canal Station or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at Canal Station; (d) loss of life, injury to persons or property or damage to natural resources caused (or allegedly caused) by the off-site disposal, storage, transportation, discharge, Release, recycling, or the arrangement for such activities, of Hazardous Substances, after the Closing Date, in connection with the ownership or operation of Canal Station; (e) the investigation and/or remediation of Hazardous Substances that are present or have been released after the Closing Date at, on, in, under, adjacent to or migrating from Canal Station, including, but not limited to, Hazardous Substances contained in building materials at Canal Station or in the soil, surface water, sediments, groundwater, landfill cells or in other environmental media at or adjacent to Canal Station; and (f) the investigation and/or remediation of Hazardous Substances that are disposed, stored, transported, discharged, Released, recycled, or the arrangement of such activities, after the Closing Date, in connection with the ownership or operation of Canal Station, at any off-site location; provided, that nothing set forth in this subsection shall require the Buyer to assume any liabilities that are expressly excluded in Section 2.4; and

(vi) (a) any Tax relating to any period after the Closing Date that may be imposed by any state or local governmental authority on the ownership, sale, operation or use of the Assets relating to any period after the Closing Date, (b) real or personal property Taxes relating to any period after the Closing Date and (c) Permitted Encumbrances.

2.4 ***Excluded Liabilities.*** The Buyer shall not assume or be obligated to pay, perform or otherwise discharge the following liabilities or obligations:

- (i) any liabilities or obligations of the Seller in respect of any Excluded Assets or other assets of the Seller which are not Assets;
- (ii) any liabilities or obligations in respect of Taxes for which the Seller is liable pursuant to Section 7.8;
- (iii) any liabilities, obligations, or responsibilities relating to the disposal, storage, transportation, discharge, Release or recycling, by or for the Seller, of Hazardous Substances at any off-site location, which occurred prior to the Closing Date, provided that "off-site location" does not include any location contaminated by Hazardous Substances migrating from or to Canal Station;
- (iv) any liabilities, obligations or responsibilities relating to the Easements including, without limitation, liabilities related to the disposal, discharge or Release of Hazardous Substances, whether such liabilities, obligations or responsibilities arose from the ownership or operation of said property, equipment or machinery prior to or after the Closing Date, unless caused by the Buyer's activities, operations or equipment or such activities, operations or equipment of Buyer's contractors, agents or affiliates;
- (v) any liabilities or obligations which are or would be required to be accrued by the Seller on a balance sheet of the Seller as of the Closing Date prepared in accordance with generally accepted accounting principles;
- (vi) any liabilities or obligations relating to any personal injury, discrimination, wrongful discharge, unfair labor practice or similar claim or cause of action associated with the Seller's ownership of the Assets which accrued prior to the Closing Date;
- (vii) any liability of the Seller arising out of a breach by the Seller of any of its obligations under this Agreement or any Related Agreement;
- (viii) any fines or penalties imposed by governmental agencies resulting from (x) an investigation or proceeding pending prior to the Closing or (y) illegal acts, willful misconduct or gross negligence of the Seller prior to the Closing other than with respect to the liabilities described in Section 2.3(a)(iv) or (v) hereof;
- (ix) any payment obligations of the Seller for goods delivered or services rendered prior to the Closing, other than such obligations with respect to capital improvements to Canal Station which would have been included in the Capital Improvement Amount had such obligations been expended by or for the account of the Seller prior to the Closing;
- (x) any liabilities or obligations imposed upon, assumed or retained by the Seller or any of its Affiliates pursuant to any Related Agreement;

(xi) any liabilities or obligations of the Seller resulting from entering into or performing its obligations pursuant to or consummating the transactions contemplated herein or in any Related Agreement;

(xii) any obligations for wages, overtime, employment taxes, severance pay, transition payments in respect of compensation or similar benefits accruing or arising prior to the Closing under any term or provision of any contract, instrument or agreement relating to any of the Assets, other than such obligations with respect to capital improvements to Canal Station which would have been included in the Capital Improvement Amount had such obligations been expended by or for the account of the Seller prior to the Closing; and

(xiii) any liabilities or obligations of the Seller arising from the breach by the Seller on or prior to the Closing of any term or provision of any contract, instrument or agreement relating to any of the Assets.

All such liabilities and obligations not being assumed pursuant to Section 2.4 are herein called the "Excluded Liabilities."

2.5 **Guaranty.** Certain obligations of the Buyer hereunder shall be guaranteed by the Guarantor pursuant to the form of Guaranty attached hereto as Exhibit G.

ARTICLE III

PURCHASE PRICE

3.1 **Purchase Price.** The purchase price for the Assets shall be an amount equal to the sum of (i) \$75,102,000, (ii) the Adjustment Amount, (iii) any amounts expended by the Seller under Section 7.4(d) hereof and (iv) any Capital Improvement Amount (the "Purchase Price"). For purposes hereof, the "Capital Improvement Amount" shall be any amounts expended by or for the account of the Seller between the date hereof and the Closing Date for capital improvements to Canal Station which are not set forth on Schedule 1.1(a)(3)(xii), provided, that no such amounts shall be added to the Purchase Price unless the capital improvements relating thereto were required to be made by Good Utility Practice, and unless the Seller or Canal Electric Company shall first have advised the Buyer in writing of the capital improvements proposed to be made and the Buyer shall have consented thereto in writing, which consent the Buyer shall not unreasonably withhold. For the purposes hereof, "Good Utility Practice" means any of the applicable practices, methods and acts (i) required by NEPOOL, the Northeast Power Coordinating Council, the North American Electric Reliability Council, the NEPOOL Independent System Operator or the successor of any of them; (ii) required by the policies and standards of the MDTE relating to emergency operations; or (iii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period; which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have

been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Good Utility Practice is intended to be acceptable practices, methods or acts are generally accepted in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

3.2 Purchase Price Adjustment. (a) Within 30 days after the Closing, the Seller shall prepare and deliver to the Buyer a statement (an "*Adjustment Statement*") which reflects (i) the net book value, as reflected on the books of the Seller as of the Closing Date, of all fuel inventory used at or in connection with Canal Station (the "*Adjustment Amount*") and (ii) the Capital Improvement Amount. The Adjustment Statement shall be prepared using the same generally accepted accounting principles, policies and methods as the Seller has historically used in connection with the calculation of the items reflected on such Adjustment Statement. The Buyer agrees to cooperate with the Seller in connection with the preparation of each Adjustment Statement and related information, and shall provide to the Seller such books, records and information as may be reasonably requested from time to time.

(b) The Buyer may dispute the Adjustment Amount or the Capital Improvement Amount; provided, however, that the Buyer shall notify the Seller in writing of the disputed amount, and the basis of such dispute, within ten (10) Business Days of the Buyer's receipt of the Adjustment Statement. In the event of a dispute with respect to any part of the Adjustment Amount or the Capital Improvement Amount, the Buyer and the Seller shall attempt to reconcile their differences and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the parties. If the Buyer and the Seller are unable to reach a resolution of such differences within 30 days of receipt of the Buyer's written notice of dispute to the Seller, the Buyer and the Seller shall submit the amounts remaining in dispute for determination and resolution to the Independent Accounting Firm, which shall be instructed to determine and report to the parties, within 30 days after such submission, upon such remaining disputed amounts, and such report shall be final, binding and conclusive on the parties hereto with respect to the amounts disputed. The fees and disbursements of the Independent Accounting Firm shall be allocated between the Buyer and the Seller so that the Buyer's share of such fees and disbursements shall be in the same proportion that the aggregate amount of such remaining disputed amounts so submitted by the Buyer to the Independent Accounting Firm that is unsuccessfully disputed by the Buyer (as finally determined by the Independent Accounting Firm) bears to the total amount of such remaining disputed amounts so submitted by the Buyer to the Independent Accounting Firm. The parties shall at their own cost and expense cooperate with the Independent Accounting Firm, provide the Independent Accounting Firm with such books, records and information and make available to the Independent Accounting Firm its personnel associated therewith as may be reasonably requested from time to time.

(c) Within ten (10) Business Days after the Buyer's receipt of the Adjustment Statement, the Buyer shall pay all undisputed amounts, or if there is a dispute with respect to any amount on such Adjustment Statement within five (5) Business Days after the final determination of such disputed amounts on such Adjustment Statement, the Buyer shall

pay such disputed amount as finally determined to be payable with respect to such Adjustment Statement less the Estimated Adjustment Amount; provided, however, that if such amount shall be less than zero then the Seller will pay to Buyer the amount by which such amount is less than zero. Any amount paid under this Section 3.2(c) shall be paid with interest for the period commencing on the Closing Date, through the date of payment, calculated at the prime rate of BankBoston in effect on such Closing Date, and in cash by federal or other wire transfer of immediately available funds.

(d) If, under Section 3.5 of the Asset Sale Agreement between Canal Electric Company and the Buyer with regard to sale and purchase of Canal Electric Company's interest in Canal Station and related assets (as amended from time to time, the "*Canal Asset Sale Agreement*"), Canal Electric Company elects not to commence the capital expenditures required under such Section 3.5 in accordance with the terms thereof and, as a result of such election, the "Purchase Price" under the Canal Asset Sale Agreement shall be reduced, the Purchase Price hereunder shall also be reduced by \$150,000 (but not by more than \$750,000 in the aggregate for any twelve-month period) for each 30 day period or portion thereof corresponding to such periods for which the "Purchase Price" under the Canal Asset Sale Agreement is also reduced.

3.3 *Allocation of Purchase Price.* The Buyer and the Seller shall use their good faith efforts to agree to allocate the Purchase Price among the items constituting the Assets within 45 days of the date of this Agreement. The Buyer or the Seller may obtain the services of a mutually acceptable independent engineer or appraiser to assist it in determining the fair value of the Assets for purposes of such allocation, the cost of which shall be borne equally by the parties. Each of the Buyer and the Seller agrees to file Internal Revenue Service Form 8594, and all federal, state, local and foreign Tax Returns, in accordance with any allocation agreed to pursuant to this Section 3.3 and to report the transactions contemplated by the Agreement for federal Income Tax and all other tax purposes in a manner consistent with any such agreed-upon allocation. Each of the Buyer and the Seller agrees to provide the other promptly with any other information required to complete Form 8594. Each of the Buyer and the Seller shall notify and provide the other with reasonable assistance in the event of an examination, audit or other proceeding regarding any agreed-upon allocation of the Purchase Price.

3.4 *Proration.* (a) The Buyer and the Seller agree that all of the items normally prorated, including those listed below, relating to the business and operation of the Assets will be prorated as of the Closing Date, with the Seller liable to the extent such items relate to any time period through the Closing Date, and the Buyer liable to the extent such items relate to periods subsequent to the Closing Date:

(i) personal property, real estate, occupancy and water Taxes, assessments and other charges, if any, on or with respect to the business and operation of the Assets;

(ii) rent, Taxes and other items payable by or to the Seller under any of the Seller's Agreements assigned to and assumed by the Buyer hereunder which are associated with the Assets;

(iii) any permit, license, registration, compliance assurance fees or other fees with respect to any Operating Permit associated with the Assets;

(iv) sewer rents and charges for water, telephone, electricity and other utilities.

(b) In connection with the prorations referred to in (a) above, in the event that actual figures are not available at the Closing Date, the proration shall be based upon the actual Taxes or fees for the preceding year (or appropriate period) for which actual Taxes or fees are available and such Taxes or fees shall be prorated upon request of either the Seller, on the one hand, or the Buyer, on the other hand, made within sixty (60) days of the date that the actual amounts become available. The Seller and the Buyer agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 3.4.

ARTICLE IV

THE CLOSING

4.1 Time and Place of Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VIII of this Agreement (the "Conditions"), the closing of the sale of the Assets contemplated by this Agreement (the "Closing") will take place at the offices of LeBoeuf, Lamb, Greene & MacRae, L.L.P., 260 Franklin Street, Boston, Massachusetts 02110, at 10:00 A.M. (local time) on such date, not prior to November 15, 1998, as the parties may agree which date is as soon as practicable, but no later than fifteen Business Days, following the date on which all of the Conditions have been satisfied or waived; or at such other place or time as the parties may agree. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date."

4.2 Payment of Closing Amount. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, in consideration of the aforesaid sale, assignment, conveyance, transfer and delivery of the Assets, the Buyer will pay or cause to be paid to the Seller at the Closing an amount in United States dollars equal to the sum of (i) \$75,102,000 plus (ii) the Estimated Adjustment Amount, plus (iii) any amounts expended by the Seller pursuant to Section 7.4(d) hereof (the "Closing Amount"), by wire transfer of immediately available funds or by such other means as are agreed upon by the Seller and the Buyer. The balance of the Purchase Price or, alternatively, any amounts owing by the Seller to the Buyer, in each case determined in accordance with Section 3.2 hereof, shall be paid in accordance with such Section 3.2.

4.3 *Deliveries by Seller.* At the Closing, the Seller will deliver the following to the Buyer:

- (a) The Bill of Sale, duly executed by the Seller;
- (b) All consents, waivers or approvals obtained by the Seller as of the Closing with respect to the Assets, the transfer of the Operating Permits or the consummation of the transactions connected to the sale of the Assets contemplated by this Agreement, to the extent specifically required hereunder;
- (c) Each Related Agreement and the Assignment and Assumption Agreement duly executed by the Seller and, as applicable, each Affiliate of the Seller party thereto;
- (d) An opinion of counsel and certificate (as contemplated by Section 8.2(d) and 8.2(e)) with respect to the Assets;
- (e) The Deed duly executed and acknowledged by the Seller and in recordable form;
- (f) The FIRPTA Affidavit executed by the Seller;
- (g) All such other instruments of assignment or conveyance as shall, in the reasonable opinion of the Buyer and its counsel, be necessary to transfer to the Buyer the Assets in accordance with this Agreement and, where necessary or desirable, in recordable form; and
- (h) Such other agreements, documents, instruments and writings as are required to be delivered by the Seller at or prior to the Closing Date pursuant to this Agreement or otherwise required in connection herewith.

4.4 *Deliveries by the Buyer.* At the Closing, the Buyer will deliver the following to the Seller:

- (a) The Closing Amount, by wire transfer of immediately available funds or such other means as are agreed upon by the Seller and the Buyer;
- (b) The Assignment and Assumption Agreement duly executed by the Buyer;
- (c) Each Related Agreement duly executed by the Buyer;
- (d) An opinion of counsel and certificate (as contemplated by Section 8.3(c) and 8.3(e)) with respect to the Assets;

(e) All such other instruments of assumption as shall, in the reasonable opinion of the Seller and its counsel, be necessary for the Buyer to assume the Assumed Liabilities, in accordance with this Agreement; and

(f) Such other agreements, documents, instruments and writings as are required to be delivered by the Buyer at or prior to the Closing Date pursuant to this Agreement or otherwise required in connection herewith.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Buyer as follows (all such representations and warranties, except those regarding the Seller, being made to the best knowledge of the Seller; for purposes hereof, the "best knowledge" of the Seller shall mean that knowledge which members of the Seller's management had or should have had following the conduct of an appropriate due diligence investigation with respect to the matter in question).

5.1 Organization: Qualification. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts and has all requisite corporate power and authority to own, lease, and operate its properties and to carry on its business as is now being conducted. The Seller is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except in each case in those jurisdictions where the failure to be so duly qualified or licensed and in good standing would not have a Material Adverse Effect. The Seller has heretofore delivered to the Buyer complete and correct copies of its Articles of Organization and Bylaws as currently in effect.

5.2 Authority Relative to this Agreement. The Seller has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of the Seller and no other corporate proceedings on the part of the Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Seller, and assuming that this Agreement constitutes a valid and binding agreement of the Buyer, and subject to the receipt of the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals, constitutes a valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by applicable

bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

5.3 Consents and Approvals: No Violation. (a) Except as set forth in Schedule 5.3(a), and other than obtaining the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals, neither the execution and delivery nor the performance of this Agreement by the Seller will (i) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of the Seller, (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, except (x) where the failure to obtain such consent, approval, authorization or permit, or to make such filing or notification, would not have a Material Adverse Effect or (y) for those requirements which become applicable to the owner of the Assets as a result of the specific regulatory status of the Buyer (or any of its Affiliates) or as a result of any other facts that specifically relate to the business or activities in which the Buyer (or any of its Affiliates) is or proposes to be engaged; (iii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which the Seller is a party or by which the Seller or any of the Assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Seller, or any of its assets, which violation would have a Material Adverse Effect.

(b) Except as set forth in Schedule 5.3(b) and except for (i) any required approvals under the Federal Power Act for the transactions contemplated by this Agreement and the Related Agreements, (ii) orders by the MDTE approving the transactions contemplated by this Agreement and the Related Agreements and (iii) the filings by the Seller and the Buyer required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act (the filings and approvals referred to in Schedule 5.3 and in clauses (i) through (iii) are collectively referred to as the "*Seller Required Regulatory Approvals*"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental or regulatory body or authority is necessary for the execution, delivery and performance of this Agreement or for the consummation by the Seller of the transactions contemplated hereby, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

5.4 Reports. Since January 1, 1995, the Seller has filed or caused to be filed, or will, prior to the Closing, file or cause to be filed with the SEC, MDTE, and FERC, as the case may be, all material forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by the Seller with respect to its business as it relates to, and its ownership of, the Assets under each of the Securities Act, the Exchange Act, applicable Massachusetts public utility laws, the Federal Power Act and the respective rules and regulations thereunder, all of which complied in all material

respects with all applicable requirements of the appropriate act and the rules and regulations thereunder in effect on the date such report was filed, and there are no material misstatements or omissions in respect of such reports.

5.5 **Financial Statements.** Seller has made available to the Buyer its balance sheet as of December 31, 1997. Such balance sheet (including the related notes thereto) is referred to herein as the "**Balance Sheet.**" The Balance Sheet presents fairly, as of December 31, 1997, the financial condition of the Seller in conformity with generally accepted accounting principles applied on a consistent basis, except as otherwise noted therein.

5.6 **Undisclosed Liabilities.** Except as set forth in Schedule 5.6, the Seller has no liability or obligation relating to its business as it relates to, or its ownership of, the Assets, secured or unsecured (whether absolute, accrued, contingent or otherwise, and whether due or to become due), of a nature required by generally accepted accounting principles to be reflected in a corporate balance sheet or disclosed in the notes thereto, which are not accrued or reserved against in the Balance Sheet or disclosed in the notes thereto in accordance with generally accepted accounting principles, except those which (i) were incurred in the ordinary course of business whether before or after the date of the Balance Sheet, (ii) are not in the aggregate material to the Assets or (iii) are Excluded Liabilities.

5.7 **Absence of Certain Changes or Events.** Except (i) as set forth in Schedule 5.7, or in the reports, schedules, registration statements and definitive proxy statements filed by either of the Seller or Eastern Utilities Associates or Eastern Edison Company with the SEC and (ii) as otherwise contemplated by this Agreement, since the date of the Balance Sheet there has not been: (a) any Material Adverse Effect (b) any damage, destruction or casualty loss, whether covered by insurance or not, which had a Material Adverse Effect; (c) any entry into any agreement, commitment or transaction (including, without limitation, any borrowing, capital expenditure or capital financing) by the Seller which is material to its business as it relates to, or its ownership of, the Assets, except agreements, commitments or transactions in the ordinary course of business or as contemplated herein; or (d) any change by the Seller in accounting methods, principles or practices except as required or permitted by generally accepted accounting principles.

5.8 **Title and Related Matters.** Except as set forth in Schedule 5.8 and except for Permitted Encumbrances, the Seller has good and valid title to the Assets which it purports to own that are reflected in the Balance Sheet (other than those which have been disposed of since the date thereof in the ordinary course of business), free and clear of all Encumbrances.

5.9 **Leases.** Schedule 5.9 lists, as of the date of this Agreement, all real property leases under which the Seller is a lessee or lessor and which (x) are to be transferred and assigned to the Buyer on the Closing Date and (y) are material to the Seller's business as it relates to, or its ownership of, the Assets. Except as set forth in Schedule 5.9, all such leases are valid, binding obligations of the Seller and enforceable in accordance with their terms, and

are in full force and effect; there are no existing material defaults by the Seller thereunder; and no event has occurred which (whether with or without notice, lapse of time or both) would constitute a material default by the Seller thereunder.

5.10 *Environmental Matters*. Except as disclosed in Schedule 5.10 or in any public filing by any of the Seller or Eastern Utilities Associates or Eastern Edison Company pursuant to the Securities Act or the Exchange Act:

(a) As of the date of this Agreement, the Seller is not aware of any non-compliance with applicable Environmental Laws with respect to the business or operation of Unit No. 2 of Canal Station except for such non-compliances with applicable Environmental Laws which, in the aggregate, are not reasonably likely to have a Material Adverse, other than any requirements with respect to Canal Station under the Settlement Agreements;

(b) The Seller has not received any written request for information, or been notified that it is a potentially responsible party under CERCLA or Chapter 21E of the Massachusetts General Laws with respect to any portion of the Real Property that has not been resolved or settled except for such liability under such laws as would not be reasonably likely to have a Material Adverse Effect; and

(c) The Seller has not entered into or agreed to any consent decree or order, and is not subject to any judgment, decree, or judicial order relating to compliance with any Environmental Law with respect to the Assets except for such consent decrees or orders, judgments, decrees or judicial orders that, in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

The representations and warranties made in this Section 5.10 are the Seller's exclusive representations and warranties relating to environmental matters.

5.11 *Certain Contracts and Arrangements*. (a) Except (i) as listed in Schedule 5.11(a) or any other Schedule to this Agreement, (ii) for contracts, agreements, personal property leases, commitments, understandings or instruments which will expire prior to the Closing Date, (iii) for agreements with suppliers entered into in the ordinary course of business and (iv) for the Project Documents, the Power Sales Agreements and the Power Purchase Agreement, the Seller is not a party to any written contract, agreement, personal property lease, commitment, understanding or instrument which is material to the ownership of the Assets.

(b) Except as disclosed in Schedule 5.11(b), each of the Project Documents, the Power Sales Agreements, the Power Purchase Agreements and each of the other material Seller's Agreements (i) constitutes a valid and binding obligation of the Seller and of the other parties thereto, and (ii) is in full force and effect.

(c) Except as set forth in Schedule 5.11(c), there is not, under any of the Power Sales Agreements, the Power Purchase Agreements or the Seller's Agreements, any default or event which, with notice or lapse of time or both, would constitute a default on the part of the Seller, except such events of default and other events as to which requisite waivers or consents have been obtained or which would not, in the aggregate, have a Material Adverse Effect.

5.12 Legal Proceedings, etc. Except as set forth in Schedule 5.12 or in any filing made by Eastern Utilities Associates, Eastern Edison Company or the Seller pursuant to the Securities Act or the Exchange Act, there are no claims, actions, proceedings or investigations pending or, to the Seller's knowledge, threatened against or relating to the Seller before any court, governmental or regulatory authority, arbitration panel or body acting in an adjudicative capacity, which, if adversely determined, would be reasonably likely to have a Material Adverse Effect. Except as set forth in Schedule 5.12 or in any filing made by Eastern Utilities Associates, Eastern Edison Company or the Seller pursuant to the Securities Act or the Exchange Act, the Seller is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court or governmental or regulatory authority which individually or in the aggregate have a Material Adverse Effect.

5.13 Regulation as a Utility. The Seller is an "electric company" within the meaning of Chapter 164 of the Massachusetts General Laws and a "public utility company" within the meaning of the Holding Company Act, and subject to regulation by the MDTE, FERC and the SEC. The Seller is subject to the jurisdiction, for certain limited purposes, of the New Hampshire Public Utility Commission, the Maine Public Utility Commission and the Connecticut Department of Public Utility Control.

5.14 Taxes. With respect to the Assets (i) all Tax Returns required to be filed, other than those Tax Returns the failure of which to file would not have a Material Adverse Effect, have been filed, and (ii) all material Taxes shown to be due on such Tax Returns have been paid in full. Except as set forth in Schedule 5.14, no notice of deficiency or assessment has been received from any taxing authority with respect to liabilities for Taxes of the Seller in respect of the Assets, which have not been fully paid or finally settled, and any such deficiency shown in such Schedule 5.14 is being contested in good faith through appropriate proceedings. Except as set forth in Schedule 5.14, there are no outstanding agreements or waivers extending the applicable statutory periods of limitation for Taxes associated with the Assets for any period. None of the Assets is property that is required to be treated as being owned by any other person pursuant to the so-called safe harbor lease provisions of the former Section 168(f)(8) of the Code, and none of the Assets is "tax-exempt use" property within the meaning of Section 168(h) of the Code.

5.15 Labor Matters. Neither Seller nor any of its Affiliates have (x) any employees at the Canal Station or (y) any collective bargaining agreements or other labor agreements or similar commitments or benefit plans to which the Seller or any of its Affiliates is a party which relate to the business or operation of Canal Station.

5.16 Condemnation. Except as set forth in Schedule 5.16, neither the whole nor any part of the Seller's interest in the Real Property or any other real property or rights owned or leased by the Seller in connection with the ownership of the Assets is subject to any pending suit for condemnation or other taking by any public authority, and no such condemnation or other taking has, to the Seller's knowledge, been threatened.

5.17 Operating Permits. Except as set forth in Schedule 5.17, the Seller has not received any written notification that it is in violation of any Operating Permits relating to Unit 2 of the Canal Station, except for notifications of violations which would not, in the aggregate, be reasonably likely to have a Material Adverse Effect.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE V, THE ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS," AND THE SELLER IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH ASSETS, INCLUDING, IN PARTICULAR, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller as follows:

6.1 Organization. The Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and to carry on its business as is now being conducted. The Buyer has heretofore delivered to the Seller complete and correct copies of its Certificate of Organization and LLC Operating Agreement (or other similar governing documents), as currently in effect.

6.2 Authority Relative to this Agreement. The Buyer has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Members of the Buyer and no other proceedings on the part of the Buyer are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Buyer, and assuming that this Agreement constitutes a valid and binding agreement of the Seller, subject to the receipt of the Buyer Required Regulatory Approvals and the Seller Required Regulatory Approvals, constitutes a valid and binding agreement of the Buyer, enforceable against the Buyer in accordance with its

terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

6.3 Consents and Approvals: No Violation. (a) Except as set forth in Schedule 6.3, and other than obtaining the Buyer Required Regulatory Approvals and the Seller Required Regulatory Approvals, neither the execution and delivery of this Agreement by the Buyer nor the purchase by the Buyer of the Assets pursuant to this Agreement will (i) conflict with or result in any breach of any provision of the Certificate of Organization and LLC Operating Agreement (or other similar governing documents) of the Buyer, (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, (iii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation to which the Buyer or any of its subsidiaries is a party or by which any of their respective assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained.

(b) (i) Except as set forth in Schedule 6.3 and (ii) except for the filings by the Buyer and the Seller required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act (the filings and approvals referred to in clauses (i) and (ii) are collectively referred to as the "*Buyer Required Regulatory Approvals*"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental or regulatory body or authority is necessary for the consummation by the Buyer of the transactions contemplated hereby, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, in the aggregate, would not have a material adverse effect on any of the Buyer's material obligations hereunder.

6.4 Availability of Funds. The Buyer has sufficient funds available to it or has received, or will receive prior to the Closing Date, binding written commitments from responsible financial institutions to provide sufficient funds on the Closing Date to pay the Purchase Price.

6.5 Independent Evaluation. The Buyer has been afforded an opportunity by the Seller to conduct an investigation of the Assets, including, without limitation, the opportunity to review the environmental reports and analyses with respect to Canal Station described in Schedule 5.10 hereto, the opportunity to conduct a physical inspection of the Assets, and the opportunity to discuss matters with respect to the Assets with officers and employees of, and advisors and consultants to, the Seller, including the Seller's environmental consultants, and has conducted an independent evaluation of the Assets based upon the results of such investigation. The Buyer has not relied upon any representations or warranties with respect to the Assets other than those specifically set forth herein.

ARTICLE VII

COVENANTS OF THE PARTIES

7.1 *Conduct of Business.* Except as contemplated in this Agreement or as described in Schedule 7.1, prior to the Closing Date, without the prior written consent of the Buyer, the Seller will not with respect to the Assets:

- (i) (x) create, incur or assume any material amount of indebtedness for money borrowed (including obligations in respect of capital leases), other than in the ordinary course of business or as required under the Project Documents and except for Permitted Encumbrances and indebtedness which does not create any Encumbrance on the Assets; or (y) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person except in the ordinary course of business or as required under the Project Documents;
- (ii) agree to any material change in the levels of fuel inventory and stores inventory with respect to Canal Station except for such changes which are consistent with Good Utility Practice;
- (iii) sell, lease (as lessor), transfer or otherwise dispose of, any of the Assets other than assets used, consumed or replaced in the ordinary course of business consistent with Good Utility Practice and not mortgage or pledge, or impose or suffer to be imposed any Encumbrance on, any of the Assets, other than Permitted Encumbrances or as required under the Project Documents;
- (iv) amend any of the Project Documents or any of the other Seller's Agreements (other than the Power Purchase Agreements or the Power Sales Agreements) or enter into any other agreements for the sale of power from Canal Station having a term extending more than thirty (30) days beyond the Closing Date;
- (v) enter into or amend any real or personal property Tax agreement, treaty or settlement;
- (vi) agree to any commitment for the purchase or sale of fuel (whether commodity or transportation) having a term that extends beyond the Closing Date if the aggregate payment under such commitment following the Closing Date is expected to exceed \$10 million or if the aggregate payments under such commitment and all other then outstanding commitments not previously consented to by the Buyer would be expected to exceed \$30 million following the Closing Date;
- (vii) agree to any amendment to any Operating Permit if such amendment is reasonably likely to have a Material Adverse Effect; or

(viii) enter into any written or oral contract, agreement, commitment or arrangement with respect to any of the transactions set forth in the foregoing paragraphs (i) through (vii).

7.2 Access to Information. (a) Between the date of this Agreement and the Closing Date, the Seller will, during ordinary business hours and upon reasonable notice (i) give the Buyer and the Buyer Representatives reasonable access to its managerial personnel and to all of its books and records relating to the Assets to which the Buyer is permitted access by law; (ii) permit the Buyer to make such reasonable inspections thereof as the Buyer may reasonably request; (iii) furnish the Buyer with such financial and operating data and other information with respect to the Assets in the possession of Seller as the Buyer may from time to time reasonably request; (iv) furnish the Buyer a copy of each material report, schedule or other document filed or received by it or any of its Affiliates with respect to the Assets with the SEC, MDTE, or FERC; provided, however, that (A) any such investigation shall be conducted in such a manner as not to interfere unreasonably with the business or operation of the Seller, (B) the Seller shall not be required to take any action which would constitute a waiver of the attorney/client privilege and (C) the Seller need not supply the Buyer with any information which the Seller is under a legal obligation not to supply. Notwithstanding anything in this Section 7.2 to the contrary, (i) the Seller will only furnish or provide such access to personnel and medical records as is required by law, and (ii) the Buyer shall not have the right to perform or conduct any environmental sampling or testing at, in, on, or underneath the Assets without the approval of the Seller and Canal Electric Company.

(b) All information furnished to or obtained by the Buyer and the Buyer Representatives pursuant to this Section 7.2 shall be subject to the provisions of the Confidentiality Agreement and shall be treated as "Proprietary Information" (as defined in the Confidentiality Agreement).

(c) For a period of ten years after the Closing Date, the Seller and its representatives shall have reasonable access to all of the books and records related to the Assets transferred to the Buyer hereunder to the extent that such access may reasonably be required by the Seller in connection with matters relating to or affected by the Seller's ownership of the Assets prior to the Closing Date; provided, however, that the Seller shall first enter into a definitive confidentiality agreement with the Buyer with respect thereto on such terms and conditions as the Buyer may reasonably require. Such access shall be afforded by the Buyer upon receipt of reasonable advance notice and during normal business hours. The Seller shall be solely responsible for any costs or expenses incurred by it pursuant to this Section 7.2(c). If the Buyer shall desire to dispose of any such books and records prior to the expiration of such ten-year period, the Buyer shall, prior to such disposition, give the Seller a reasonable opportunity at the Seller's expense, to segregate and remove such books and records as the Seller may select.

7.3 Expenses. Except to the extent specifically provided herein, whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in

connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such costs and expenses.

7.4 *Further Assurances.* (a) Subject to the terms and conditions of this Agreement, each of the parties hereto will use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the sale of the Assets pursuant to this Agreement. From time to time after the date hereof, without further consideration, the Seller will, at its own expense, execute and deliver such documents to the Buyer as the Buyer may reasonably request in order to more effectively vest in the Buyer the Seller's title to the Assets and reasonably cooperate with the Buyer and Canal Electric Company in consummating the transactions contemplated by the Canal Asset Sale Agreement. From time to time after the date hereof, the Buyer will, at its own expense, execute and deliver such documents to the Seller as the Seller may reasonably request in order to more effectively consummate the sale of the Assets pursuant to this Agreement.

(b) In the event that any Asset shall not have been conveyed to the Buyer at the Closing, the Seller shall use its best efforts to convey such asset to the Buyer as promptly as is practicable after the Closing.

(c) To the extent that the Seller's rights under any Seller's Agreement may not be assigned without the consent of another Person which consent has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and the Seller, at its expense, shall use its commercially reasonable efforts to obtain any such required consent(s) by the Closing. The Seller and the Buyer agree that if any consent to an assignment of any Seller's Agreement shall not be obtained or if any attempted assignment would be ineffective or would impair the Buyer's rights and obligations under the Seller's Agreement in question so that the Buyer would not in effect acquire the benefit of all such rights and obligations, the Seller, to the maximum extent permitted by law and such Seller's Agreement, shall, after the Closing, unless the Seller elects to comply with Section 7.4(d) hereof, appoint the Buyer to be the Seller's agent with respect to such Seller's Agreement, and the Seller shall, to the maximum extent permitted by law and such Seller's Agreement, enter into such reasonable arrangements with the Buyer as are necessary to provide the Buyer with the benefits and obligations of such Seller's Agreement from the Closing. The Seller and the Buyer shall cooperate and shall each use their commercially reasonable efforts after the Closing to obtain an assignment of such Seller's Agreement to the Buyer.

(d) To the extent that any personal property lease relating to Canal Station to which the Seller is a party and listed in Schedule 5.11(a) cannot be assigned to the Buyer or is not subject to arrangements described in Section 7.4(c), the Seller will use its commercially reasonable efforts to acquire the assets relating to such lease at market terms and conditions and to include them in the Assets before the Closing Date. The Seller will not commit to any such acquisition that would require the Buyer to pay more than \$100,000 individually or

\$500,000 in the aggregate pursuant to Sections 3.1. or 4.2 without the Buyer's prior written consent.

(e) Performance and timing of all capital improvements, including with respect to the planning, scope and acceptance criteria associated with such improvements, proposed to be made at the Canal Station after the date of this Agreement will be subject to the consent of the Buyer (which consent will not be unreasonably withheld or delayed) and be performed in accordance with Good Utility Practice.

(f) Commencing on the execution of this Agreement, the Buyer shall have the right to review and provide advice in connection with the day to day operation of the Canal Station, including, without limitation, in connection with fuel and inventory procurement and maintenance, and have a designated representative of the Buyer at the Canal Station. In the event the Buyer provides such advice, the Seller will use commercially reasonable efforts to cooperate with such advice; provided, however, that such efforts shall not require the Seller to incur any additional costs or expenses and provided, further, however, that the Seller and Canal Electric Company shall at all times prior to the Closing retain the right to operate Canal Station in accordance with Good Utility Practice.

(g) To the extent of any of the Seller's rights under any guaranties, warranties and indemnifications applicable to the Canal Station or the Assumed Liabilities are nontransferable or nonassignable, the Seller shall use its commercially reasonable efforts to secure to the Buyer the benefits thereof in some other manner (including, the exercise of the rights of the Seller thereunder) upon the request of the Buyer. At the Buyer's written request, the Seller shall pursue claims under such guaranties, warranties and indemnifications in such commercially reasonable manner and to such commercially reasonable extent as the Buyer shall from time to time direct, and the Seller shall cooperate with the Buyer in such pursuit, including providing the Buyer with all applicable documentation in the Seller's possession and making the Seller's officers, employees and agents reasonably available for the purpose of providing evidence (by affidavit, deposition or otherwise) in connection therewith. The Buyer shall reimburse the Seller for all reasonable costs and expenses incurred by the Seller in connection with such pursuit and cooperation. Notwithstanding the foregoing, the Seller shall not be obligated to bring or file suit against any third party, provided that if the Seller shall determine not to bring or file suit after being so requested by the Buyer, the Seller shall to the extent it may lawfully do so assign its rights in respect of any such claim so that the Buyer may bring or file such suit.

7.5 Public Statements. The Parties shall consult with each other prior to issuing any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby and shall not issue any such public announcement, statement or other disclosure prior to such consultation, except as may be required by law and except that the parties may make public announcements, statements or other disclosures with respect to this Agreement and the transactions contemplated hereby to the extent and under the

circumstances in which the Parties are expressly permitted by the Confidentiality Agreement to make disclosures of "Proprietary Information" (as defined in the Confidentiality Agreement).

7.6 Consents and Approvals. (a) The Seller and the Buyer shall each file or cause to be filed with the Federal Trade Commission and the United States Department of Justice any notifications required to be filed under the HSR Act and the rules and regulations promulgated thereunder with respect to the transactions contemplated hereby. The Parties shall consult with each other as to the appropriate time of filing such notifications and shall use their best efforts to make such filings at the agreed upon time, to respond promptly to any requests for additional information made by either of such agencies, and to cause the waiting periods under the HSR Act to terminate or expire at the earliest possible date after the date of filing.

(b) The Seller and the Buyer shall cooperate with each other and (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other parties, in the case of each of the foregoing clauses (i), (ii), and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement (including, without limitation, the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals) or required by the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which the Seller or the Buyer is a party or by which any of them is bound or to obtain any additional governmental permits, licenses or other consents that the Buyer considers useful in connection with the operation or ownership of Canal Station. The Seller shall have the right to review and approve in advance all characterizations of the information relating to Assets; and each of the Seller and the Buyer shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing made in connection with the transactions contemplated hereby.

(c) The Buyer shall assume primary responsibility for securing the transfer or reissuance of the Operating Permits effective as of the Closing Date. The Seller shall cooperate with the Buyer's efforts in this regard and the Seller shall use all commercially reasonable efforts to assist in the transfer or reissuance of the Operating Permits when so requested by the Buyer. In the event that the Buyer is unable, despite commercially reasonable efforts, to obtain a transfer or reissuance of one or more Operating Permits as of the Closing Date, the Buyer may use the Operating Permits issued to the Seller provided (i) the Buyer notifies the Seller prior to Closing, (ii) the Buyer continues to make commercially reasonable efforts to obtain a transfer or reissuance of such Operating Permits after the Closing and (iii) the Buyer indemnifies the Seller for any losses, claims or penalties suffered by the Seller in connection with any Operating Permit that is not transferred or reissued as of the Closing Date resulting from the Buyer's operation of Canal Station following the Closing Date. In no event shall the Buyer use or otherwise rely on an Operating Permit issued to the Seller beyond one

year after the Closing, unless the Buyer has, after exercising its reasonable efforts, been unable to obtain same and such reliance is not prohibited by law.

(d) The Seller shall advise, inform and consult with the Buyer regarding all matters which may affect in any material respect the Buyer's ownership and operation of the Assets after the Closing or the Assumed Liabilities. In this regard, the Seller agrees not to enter into any agreement or arrangement with respect to the Assets with any person, including, without limitation, with any governmental or regulatory authority, whether in connection with the obtaining of the Seller's Required Regulatory Approvals or otherwise, which may reasonably be expected to cause a material adverse effect for the Buyer without first consulting with the Buyer and obtaining the Buyer's consent; provided, that nothing herein shall be deemed to prohibit the Seller from doing whatever it determines to be necessary to comply with any requirements of law applicable to it or the Assets.

7.7 Fees and Commissions. The Seller and the Buyer each represent and warrant to the other that, except for Reed Consulting Group which is acting for and at the expense of the Seller, and Credit Suisse First Boston Corporation, which is acting for and at the expense of the Buyer, no broker, finder or other Person is entitled to any brokerage fees, commissions or finder's fees in connection with the transaction contemplated hereby by reason of any action taken by the party making such representation. The Seller and the Buyer will pay to the other or otherwise discharge, and will indemnify and hold the other harmless from and against, any and all claims or liabilities for all brokerage fees, commissions and finder's fees (other than as described above) incurred by reason of any action taken by such party.

7.8 Tax Matters. (a) All transfer and sales Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the Buyer, and the Buyer, at its own expense, will file, to the extent required by applicable law, all necessary Tax Returns and other documentation with respect to all such transfer or sales taxes, and, if required by applicable law, the Seller will join in the execution of any such Tax Returns or other documentation. Prior to the Closing Date, the Buyer will provide to the Seller, to the extent possible, an appropriate certificate of no Tax due from each applicable taxing authority.

(b) With respect to Taxes to be prorated in accordance with Section 3.4 of this Agreement only, the Buyer shall prepare and timely file all Tax Returns required to be filed with respect to the Assets, if any, and shall duly and timely pay all such Taxes shown to be due on such Tax Returns. The Buyer's preparation of any such Tax Returns shall be subject to the Seller's approval, which approval shall not be unreasonably withheld. The Buyer shall make such Tax Returns available for the Seller's review and approval no later than 25 Business Days prior to the due date for filing such Tax Return. Within 20 Business Days after receipt of such Tax Return, the Seller shall pay to the Buyer their proportionate share of the amount shown as due on such Tax Return determined in accordance with the Section 3.4 of this Agreement.

(c) Each of the Buyer and the Seller shall provide the other with such assistance as may reasonably be requested by the other party in connection with the preparation of any Tax Return, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liability for Taxes, and each will retain and provide the requesting party with any records or information which may be relevant to such return, audit or examination, proceedings or determination. Any information obtained pursuant to this Section 7.8(c) or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other schedule relating to Taxes shall be kept confidential by the parties hereto.

7.9 Supplements to Schedules; Notice of Breach. Prior to the Closing Date, the Seller shall supplement or amend the Schedules required by Section 2.4 and Article V with respect to any matter relating to the Assets which was or would be required to be set forth or described in such Schedules. No supplement or amendment of any Schedule made pursuant to this Section shall be deemed to cure any breach of any representation or warranty made in this Agreement unless the parties agree thereto in writing. Each party agrees to advise the other party promptly in writing of any matter or occurrence of which it becomes aware which may constitute a breach by either party of any representation, warranty or covenant contained in this Agreement, or of any reason of which it becomes aware why a condition to the performance of either party's obligations hereunder may not be satisfied on or before the Closing Date.

7.10 Risk of Loss. (a) From the date hereof through the Closing Date, all risk of loss or damage to the property included in the Assets shall be borne by the Seller.

(b) If, before the Closing Date all or any portion of Canal Station is taken by eminent domain, or is the subject of a pending or (to the knowledge of the Seller) contemplated taking which has not been consummated, the Seller shall notify the Buyer promptly in writing of such fact. If such taking would have a Material Adverse Effect, the Buyer and the Seller shall negotiate in good faith to settle the loss resulting from such taking (including, without limitation, by making a fair and equitable adjustment to the Purchase Price) and, upon such settlement, consummate the transactions contemplated by this Agreement pursuant to the terms of this Agreement. If no such settlement is reached within sixty (60) days after the Seller has notified the Buyer of such taking, then the Buyer or the Seller may terminate this Agreement pursuant to Section 10.1(g).

(c) If, before the Closing Date all or any material portion of Canal Station is damaged or destroyed by fire or other casualty, the Seller shall notify the Buyer promptly in writing of such fact. If such damage or destruction would have a Material Adverse Effect and the Seller has not notified the Buyer of its intention to cure such damage or destruction within fifteen (15) days after its occurrence, the Buyer and the Seller shall negotiate in good faith to settle the loss resulting from such casualty (including, without limitation, by making a fair and equitable adjustment to the Purchase Price) and, upon such settlement, consummate the transactions contemplated by this Agreement pursuant to the terms of this Agreement. If no

such settlement is reached within sixty (60) days after the Seller has notified the Buyer of such casualty, then the Buyer or the Seller may terminate this Agreement pursuant to Section 10.1(g).

7.11 Real Estate Matters. Prior to the Closing, the Seller shall take such actions as may be specified in the Specimen Title Policy that are to be performed by the Seller so as to enable such Specimen Title Policy to be issued to the Buyer.

7.12 Creditworthiness of the Buyer. On the Closing, Buyer shall meet the Creditworthiness Criteria set forth in Article 7 of the Transition Agreement; provided, however, if Buyer does not meet such criteria, then the Buyer's obligations under this Section 7.12 shall be satisfied if Buyer has a net worth of \$100 million at the Closing and maintains the net worth of \$100 million for two (2) years after the Closing. To the extent the Buyer's net worth falls below \$100 million during such two (2) year period, Buyer shall provide a guarantee from a creditworthy entity or an irrevocable letter of credit, limited in each such instance to the amount by which \$100 million exceeds Buyer's net worth. Such guarantee or letter of credit shall terminate at the end of such two (2) year period.

ARTICLE VIII

PURCHASED ASSETS CLOSING CONDITIONS

8.1 Conditions to Each Party's Obligations to Effect the Transactions. The respective obligations of each party to effect the sale of the Assets shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) The waiting period under the HSR Act shall have expired or been terminated with no order, decree, judgment or injunction enjoining or prohibiting the consummation of the transactions contemplated hereby having been issued;

(b) No preliminary or permanent injunction or other order or decree by any federal or state court which prevents or is reasonably likely to prevent the consummation of the sale of the Assets contemplated hereby shall be pending or have been issued and remain in effect (each party agreeing to use its reasonable best efforts to have any such injunction, order or decree lifted) and no statute, rule or regulation shall have been enacted or interpreted by any State or Federal government or governmental agency in the United States which prohibits the consummation of the sale of the Assets;

(c) All Federal, State and local government consents and approvals required for the consummation of the sale of the Assets, including, without limitation, the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals, shall have been obtained as Final Orders, and each such Final Order shall be reasonably acceptable in form and substance to the party that sought the consent or approval granted by such Final Order; for purposes of this Agreement, a "Final Order" means a final order that is not subject to

rehearing or judicial review; and for purposes of this clause (c), a Final Order shall be deemed to be reasonably acceptable to the party seeking the same if it complies in all material respects with the terms and conditions of such party's application therefor and contains no additional and/or conditions which would have a material adverse effect on such party;

(d) All consents and approvals for the consummation of the sale of the Assets contemplated hereby required under the terms of any note, bond, mortgage, indenture, contract or other agreement to which the Seller or the Buyer, or any of their Affiliates, are a party shall have been obtained, other than those (i) which if not obtained, would not, in the aggregate, have a Material Adverse Effect or (ii) which are governed by Section 7.4(c);

(e) Chapter 164 of the Massachusetts General Laws, as amended by Chapter 164 of the Acts of 1997, shall remain in full force and effect in substantially the form it is in effect on the date of this Agreement, insofar as the provisions thereof apply to the Seller, the Buyer or the transactions contemplated by this Agreement or the Related Agreements; and

(f) The "Closing" as defined in the Canal Asset Sale Agreement shall have occurred or shall occur concurrently with the Closing hereunder.

8.2 Conditions to Obligations of the Buyer. The obligation of the Buyer to effect the purchase of the Assets contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) A Material Adverse Effect shall not have occurred and be continuing;

(b) The Seller shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by the Seller on or prior to the Closing Date, and the representations and warranties of the Seller which are set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date;

(c) There shall be no Encumbrances on the Assets by virtue of the Indenture;

(d) The Buyer shall have received certificates from authorized officers of the Seller, dated the Closing Date, to the effect that, to the best of such officer's knowledge, the conditions set forth in Sections 8.2(a), (b) and (c) have been satisfied;

(e) The Seller shall have delivered to the Buyer evidence reasonably satisfactory to the Buyer that the Buyer shall have no liability or obligation under the Power Purchase Agreements or the Power Sales Agreement; and

(f) The Buyer shall have received an opinion from counsel to the Seller, dated the Closing Date and satisfactory in form and substance to the Buyer, substantially to the effect that:

(1) the Seller is a corporation organized, existing and in good standing under the laws of the Commonwealth of Massachusetts and the Seller has the corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and the execution and delivery of this Agreement and the consummation of the sale of the Assets contemplated hereby have been duly authorized by all requisite corporate action taken on the part of the Seller;

(2) the Affiliates of Seller party to the Related Agreements are corporations organized, existing and in good standing under the laws of their respective jurisdiction of incorporation with the requisite corporate power and authority to execute the Related Agreements to which they are a party and to consummate the transactions contemplated thereby; the execution and delivery of the Related Agreements to which each is a party and the consummation of the transactions contemplated thereby have been duly authorized by all requisite corporate action on the part thereof; and the Related Agreements have been executed and delivered by each thereof.

(3) this Agreement and the Related Agreements have been executed and delivered by the Seller and (assuming that the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals are obtained) this Agreement and the Related Agreements are valid and binding obligations of the Seller or the appropriate Affiliate of Seller, as the case may be, enforceable against them in accordance with their terms, except (A) that such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors, rights, and (B) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceeding therefor may be brought;

(4) the execution, delivery and performance of this Agreement and the Related Agreements by the Seller and the appropriate Affiliate of the Seller will not constitute a violation of the Articles of Organization or Bylaws, as currently in effect, of the Seller or such Affiliate;

(5) the Bill of Sale, the Deed, the Assignment and Assumption Agreement and the other documents described in Section 4.3 are in proper form to transfer to the Buyer title to the Assets; and

(6) no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental authority is necessary for the consummation by the Seller of the Closing other than (i) the Seller Required Regulatory Approvals, all of such Seller Required Regulatory Approvals having been obtained and being in full force and effect with

such terms and conditions as shall have been imposed by any applicable governmental authority, and (ii) such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, would not, in the aggregate have a Material Adverse Effect.

As to any matter contained in such opinion which involves the laws of any jurisdiction other than the Federal laws of the United States or the laws of the Commonwealth of Massachusetts, the Seller may deliver opinions of counsel admitted in such other jurisdictions as to such matters. All such opinions may expressly rely as to matters of fact upon certificates furnished by the Seller and appropriate officers and directors of the Seller and by public officials.

8.3 Conditions to Obligations of the Seller. The obligation of the Seller to effect the sale of the Assets contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) The Buyer shall have performed in all material respects its covenants and agreements contained in this Agreement which are required to be performed on or prior to the Closing Date;

(b) The representations and warranties of the Buyer which are set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date;

(c) The Seller shall have received a certificate from an authorized officer of the Buyer, dated the Closing Date, to the effect that, to the best of such officers' knowledge, the conditions set forth in Sections 8.3(a) and (b) have been satisfied;

(d) The FERC shall have approved the Stipulations and Agreements filed in FERC Docket No. ER97-3127-000 by and between the Office of the Attorney General of Massachusetts, the Massachusetts Division of Energy Resources, Eastern Edison Company and the Seller, dated October 29, 1997; Docket No. ER97-2800-000 by and between the RIPUC, the Rhode Island Division of Public Utilities and Carriers, Blackstone Valley Electric Company and Newport Electric Corporation; Docket No. ER97-3127-000 and ER97-2800-000 between Montaup and the Pascoag Fire District of Rhode Island; Docket No. ER97-3127-000 and ER97-2800-000 between the Seller and the Gas and Electric Department of the Town of Middleborough; and Docket No. ER97-2338-000 between the Seller and the Taunton Municipal Lighting Plant, Pascoag Fire District of Rhode Island and the Gas and Electric Department of the Town of Middleborough; and said Stipulations and Agreements shall be and shall continue to be in full force and effect;

(e) All Seller Required Regulatory Approvals and all other consents and approval, required of the Seller to consummate the transactions contemplated by this Agreement shall have been obtained and in full force and effect; and

(f) The Seller shall have received an opinion from counsel for the Buyer, dated the Closing Date and satisfactory in form and substance to the Seller and its counsel, substantially to the effect that:

(1) the Buyer is a limited liability company organized, existing and in good standing under the laws of the State of Delaware and has the power and authority to execute and deliver this Agreement and the Related Agreements and to consummate the transactions contemplated hereby and thereby; and the execution and delivery of this Agreement and the Related Agreements and the consummation of the sale of the Assets contemplated hereby have been duly authorized by all requisite action taken on the part of the Buyer;

(2) this Agreement and the Related Agreements have been executed and delivered by the Buyer and (assuming that the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals are obtained) are valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their terms, except (A) that such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and (B) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceeding therefore may be brought;

(3) the execution, delivery and performance of this Agreement and the Related Agreements by the Buyer will not constitute a violation of the Certificate of Organization or LLC Operating Agreement (or other similar governing documents), as currently in effect, of the Buyer;

(4) the Assignment and Assumption Agreement and other instruments described in Section 4.4 are in proper form for the Buyer to assume the Assumed Liabilities; and

(5) no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental authority is necessary for the consummation by the Buyer of the Closing other than the Buyer Required Regulatory Approvals, all of such Buyer Required Regulatory Approvals having been obtained and being in full force and effect with such terms and conditions as shall have been imposed by any applicable governmental authority.

As to any matter contained in such opinion which involves the laws of any jurisdiction other than the federal laws of the United States and the Commonwealth of Massachusetts, such counsel may rely upon opinions of counsel admitted to practices in such other jurisdictions. Any opinions relied upon by such counsel as aforesaid shall be delivered together with the opinion of such counsel. Such opinion may expressly rely as to matters of fact upon certificates furnished by appropriate officers and directors of the Buyer and its Affiliates and by public officials.

ARTICLE IX

INDEMNIFICATION

9.1 ***Indemnification.*** (a) The Seller will indemnify, defend and hold harmless the Buyer from and against any and all claims, demands or suits (by any Person), losses, liabilities, damages (including consequential or special damages), obligations, payments, costs and expenses (including, without limitation, the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) to the extent the foregoing are not covered by insurance (each, an "*Indemnifiable Loss*"), asserted against or suffered by the Buyer relating to, resulting from or arising out of (i) any breach by the Seller of any covenant or agreement of the Seller contained in this Agreement, (ii) the Excluded Liabilities, or (iii) any breach by the Seller of any representation or warranty set forth in Section 5.1, 5.2 or 5.3 hereof, (iv) the failure of the Seller to comply with any bulk sales or transfer laws, (v) the gross negligence or willful misconduct of the Seller, its Affiliates or their respective contractors while on the Buyer's property (including, without limitation, any easement provided to the Seller in the Deed or other document) associated with the Canal Station after Closing.

(b) The Buyer will indemnify, defend and hold harmless the Seller from and against any and all Indemnifiable Losses asserted against or suffered by the Seller relating to, resulting from or arising out of (i) any breach by the Buyer of any covenant or agreement of the Buyer contained in this Agreement, (ii) the Assumed Liabilities, (iii) any breach by the Buyer of any representation or warranty set forth in Article VI hereof, or (iv) the gross negligence or willful misconduct of the Buyer, its Affiliates or their respective contractor's while on the Seller's premises associated with the Canal Station prior to or after the Closing.

(c) Any Person entitled to receive indemnification under this Agreement (an "*Indemnatee*") having a claim under these indemnification provisions shall make a good faith effort to recover all losses, damages, costs and expenses from insurers of such Indemnatee under applicable insurance policies so as to reduce the amount of any Indemnifiable Loss hereunder. The amount of any Indemnifiable Loss shall be reduced (i) to the extent that Indemnatee receives any insurance proceeds with respect to an Indemnifiable Loss and (ii) to take into account any net Tax benefit recognized by the Indemnatee arising from the recognition of the Indemnifiable Loss and any payment actually received with respect to an Indemnifiable Loss.

(d) The expiration, termination or extinguishment of any covenant, representation, warranty or agreement shall not affect the parties' obligations under this Section 9.1 if the Indemnatee provided the Person required to provide indemnification under this Agreement (the "*Indemnifying Party*") with proper notice of the claim or event for which indemnification is sought prior to such expiration, termination or extinguishment.

(e) Except as provided in clause (f) of this Section 9.1 and in Section 10.2, the rights and remedies of the Seller and the Buyer under this Article IX are exclusive and in lieu of any and all other rights and remedies which the Seller and the Buyer may have under this Agreement or otherwise for monetary relief with respect to (i) any breach or failure to perform any covenant or agreement set forth in this Agreement, (ii) the Assumed Liabilities or the Excluded Liabilities, as the case may be, or (iii) the representations and warranties of Seller contained in Sections 5.1, 5.2 and 5.3 and the representations and warranties of Buyer contained in Article VI or (iv) any liabilities described in Section 9.1(a)(iv), 9.1(a)(v) or 9.1(b)(iv) hereof.

(f) The Buyer and the Seller each agree that notwithstanding any provisions in this Agreement to the contrary, all parties to this Agreement retain their remedies at law or in equity with respect to willful or intentional breaches of this Agreement.

9.2 Defense of Claims. (a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any person who is not a party to this Agreement or any Affiliate of a party to this Agreement (a "Third Party Claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee shall give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than ten (10) calendar days after the Indemnitee's receipt of notice of such Third Party Claim. Such notice shall describe the nature of the Third Party Claim in reasonable detail and shall indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee.

The party defending the Third Party Claim shall (a) consult with the other party throughout the pendency of the Third Party Claim regarding the investigation, defense, settlement, compromise, trial, appeal or other resolution thereof; and (b) afford the other party the opportunity, by notice, to participate and be associated in the defense of the Third Party Claim through counsel chosen by such other party, at its own expense, in the defense of any Third Party Claim as to which a party has elected to conduct and control the defense thereof. The parties shall cooperate in the defense of the Third Party Claim. The Indemnitee shall make available to the Indemnifying Party or its representatives all records and other materials reasonably required for use in contesting any Third Party Claim (subject to such confidentiality provisions as the Indemnitee may reasonably require) and shall furnish such testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnifying Party in connection therewith. If requested by the Indemnifying Party, the Indemnitee shall cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest or, if appropriate, in making any counterclaim against the Person asserting the claim or demand, or any cross-complaint against any Person. The Indemnifying Party shall reimburse the Indemnitee for any expenses incurred by Indemnitee in cooperating with or acting at the request of the Indemnifying Party.

(b) If within ten (10) calendar days after an Indemnatee provides written notice to the Indemnifying Party of any Third Party Claim the Indemnatee receives written notice from the Indemnifying Party that such Indemnifying Party has elected to assume the defense of such Third Party Claim as provided in Section 9.2(a), the Indemnifying Party shall not be liable for any legal expenses subsequently incurred by the Indemnatee in connection with the defense thereof; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim within twenty (20) calendar days after receiving notice from the Indemnatee that the Indemnatee believes the Indemnifying Party has failed to take such steps, the Indemnatee may assume its own defense, and the Indemnifying Party shall be liable for all reasonable expenses thereof. Without the prior written consent of the Indemnatee, the Indemnifying Party shall not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnatee for which the Indemnatee is not entitled to indemnification hereunder. If a firm offer is made to settle a Third Party claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnatee for which the Indemnatee is not entitled to indemnification hereunder and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnatee to that effect. If the Indemnatee fails to consent to such firm offer within ten (10) calendar days after its receipt of such notice, the Indemnatee may continue to contest or defend such Third Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall be the amount of such settlement offer, plus reasonable costs and expenses paid or incurred by the Indemnatee up to the date of such notice. Notwithstanding the foregoing, the Indemnatee shall have the right to pay, compromise, or settle any Third Party Claim at any time, provided that in such event the Indemnatee shall waive any right to indemnity hereunder unless the Indemnatee shall have first sought the consent of the Indemnifying Party in writing to such payment, settlement or compromise and such consent was unreasonably withheld or delayed, in which event no claim for indemnity therefor hereunder shall be waived.

(c) Any claim by an Indemnatee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a "*Direct Claim*") shall be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, stating the nature of such claim in reasonable detail and indicating the estimated amount, if practicable, but in any event not later than ten (10) calendar days after the Indemnatee becomes aware of such Direct Claim, and the Indemnifying Party shall have a period of thirty (30) calendar days within which to respond to such Direct Claim. If the Indemnifying Party does not respond within such thirty (30) calendar day period, the Indemnifying Party shall be deemed to have accepted such claim. If the Indemnifying Party rejects such claim, the Indemnatee shall be free to seek enforcement of its rights to indemnification under this Agreement.

(d) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect , thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other entity, the amount of such reduction, less any

costs, expenses or premiums incurred in connection therewith (together with interest thereon from the date of payment thereof at the prime rate then in effect of BankBoston), shall promptly be repaid by the Indemnatee to the Indemnifying Party. Upon making any indemnity payment, the Indemnifying Party shall, to the extent of such indemnity payment, be subrogated to all rights of the Indemnatee against any third party in respect of the Indemnifiable Loss to which the indemnity payment relates; provided, however, that (i) the Indemnifying Party shall then be in compliance with its obligations under this Agreement in respect of such Indemnifiable Loss and (ii) until the Indemnatee recovers full payment of its Indemnifiable Loss, any and all claims of the Indemnifying Party against any such third party on account of said indemnity payment are hereby made expressly subordinated and subjected in right of payment to the Indemnatee's rights against such third party. Without limiting the generality or effect of any other provision hereof, each such Indemnatee and Indemnifying Party shall duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights. Nothing in this Section 9.2(d) shall be construed to require any party hereto to obtain or maintain any insurance coverage.

(e) A failure to give timely notice as provided in this Section 9.2 will not affect the rights or obligations of any party hereunder except if, and only to the extent that, as a result of such failure, the party which was entitled to receive such notice was actually prejudiced as a result of such failure.

ARTICLE X

TERMINATION AND ABANDONMENT

10.1 *Termination.* (a) This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of the Seller and the Buyer.

(b) This Agreement may be terminated by the Seller or the Buyer if the Closing shall not have occurred on or before eighteen (18) months following the date of this Agreement (the "*Termination Date*"); provided that the right to terminate this Agreement under this Section 10.1(b) shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been, the cause of, or resulted in, the failure of the Closing to occur on or before such date.

(c) This Agreement may be terminated by either the Seller or the Buyer if (i) any governmental or regulatory body, the consent of which is a condition to the obligations of the Seller and the Buyer hereunder shall, have determined not to grant its consent and all appeals of such determination shall have been taken and have been unsuccessful or shall condition such consent upon any material change to the terms or conditions of this Agreement or the Related Agreements or upon any other condition that materially affects the value of the transactions contemplated hereunder for either party, (ii) one or more courts of competent

jurisdiction in the United States or any State shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, and such order, judgment or decree shall have become final and nonappealable or (iii) any statute, rule or regulation shall have been enacted by any State or Federal government or governmental agency in the United States which prohibits the consummation of the Closing.

(d) This Agreement may be terminated by the Buyer if there has been a material violation or breach by the Seller of any agreement, covenant, representation or warranty contained in this Agreement which has not been waived by the Buyer and such violation or breach constitutes a Material Adverse Effect.

(e) This Agreement may be terminated by the Seller if there has been a material violation or breach by the Buyer of any agreement, covenant, representation or warranty contained in this Agreement which has rendered the satisfaction of any condition to the obligations of the Seller to effect the Closing impossible and such violation or breach has not been waived by the Seller.

(f) This Agreement may be terminated by the Seller if there has been a material adverse change in the financial condition of the Buyer.

(g) This Agreement may be terminated by either of the Seller or the Buyer in accordance with the provisions of Section 7.10(b) or (c).

10.2 *Procedure and Effect of Termination.* In the event of termination of this Agreement and abandonment of the transactions contemplated hereby by either or both of the Parties pursuant to Section 10.1, written notice thereof shall forthwith be given by the terminating Party to the other Party and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the Parties hereto. If this Agreement is terminated as provided herein, such termination shall be without any liability of the Seller or the Buyer to the other in respect of such termination, except as follows:

(a) In the event of termination of this Agreement by the Seller pursuant to Section 10.1(e), then the Seller shall have the right to pursue all remedies available to it in equity or at law in connection with the violation or breach of this Agreement by the Buyer.

(b) In the event of termination of this Agreement by Buyer pursuant to Section 10.1(d), then Buyer shall have the right to pursue all remedies available to it in equity or at law in connection with the violation or breach of this Agreement by Seller.

(c) Notwithstanding anything herein to the contrary, neither the Buyer nor the Seller shall be liable to the other for any losses, damages or expenses under Section 10.2(a) or Section 10.2(b) in an amount in excess of ten percent (10%) of the Purchase Price.

(d) Notwithstanding anything herein to the contrary, neither party shall be liable to the other for any punitive, consequential, special, incidental or indirect damages, including, without limitation, loss of revenue or opportunity.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified or supplemented only by written agreement of the Seller and the Buyer.

11.2 Waiver of Compliance; Consents; Survival of Representations, Warranties and Covenants. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefit thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

11.3 No Survival. Each and every representation, warranty and covenant contained in this Agreement (other than the covenants and obligations contained in Sections 3.2, 3.3, 3.4, 7.2(b), 7.3, 7.4, 7.6(c), 7.7, 7.8 and 7.10 and in Articles IX, X and XI (which covenants shall expire in accordance with their terms) and other than the representations and warranties contained in Sections 5.1, 5.2, 5.3 and Article VI, which shall survive the Closing for a period of one year, shall expire with, and be terminated and extinguished by the consummation of the sale of the Assets and the transfer of the Assumed Liabilities pursuant to this Agreement, and such representations, warranties and covenants shall not survive the Closing Date; and none of the Seller, the Buyer or any officer, director, trustee or Affiliate of any of them shall be under any liability whatsoever with respect to any such representation, warranty or covenant.

11.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission, telexed or mailed by overnight courier or registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice; provided that notices of a change of address shall be effective only upon receipt thereof):

(a) If to the Seller, to:

Montaup Electric Company
c/o EUA Service Corporation

750 West Center Street
West Bridgewater, MA 02379
Facsimile: (508) 583-8932
Attention: Manager - Power Resources

with a copy to:

McDermott, Will & Emery
75 State Street
Suite 1700
Boston, MA 62109-1807
Facsimile: (617) 345-5077
Attention: David A. Fazzone, P.C.

(b) if to the Buyer, to:

Southern Energy New England, LLC
900 Ashwood Parkway
Suite 500
Atlanta, Georgia

Attention: Randall E. Harrison
Vice President - Domestic Development

with a copy to:

Troutman Sanders LLP
NationsBank Plaza, Suite 5200
600 Peachtree Street NE
Atlanta, Georgia 30308

Attention: Robert C. Marshall, Esq.

and

Rubin and Rudman, L.L.P.
50 Rowes Wharf
Boston, MA 02110

Attention: Andrew J. Newman, Esq.

11.5 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto, other than to an Affiliate, including by operation of law, without the prior written consent of the other party, nor is this Agreement intended to confer upon any other Person except the parties hereto any rights or remedies hereunder.

11.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (regardless of the laws that might otherwise govern under applicable Massachusetts principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies.

11.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.8 Interpretation. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

11.9 Schedules and Exhibits. All Exhibits and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

11.10 Entire Agreement. This Agreement embodies the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement and supersede any and all prior oral or written expressions, understandings or agreements between or among the Parties with respect thereto.


11.11 No Third Party Beneficiaries. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third Person to any Party, nor give any third Person any right of subrogation or action against any Party.

11.12 No Relationship. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or any other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to either Party. Neither Party is or shall act as or be the agent or representative of the other Party.

11.13 Severability. If any provision hereof is held invalid or unenforceable by any governmental authority of competent jurisdiction, or as a result of future legislative action, this holding or action will be strictly construed and will not affect the validity or effect of any other provision hereof, and the Parties shall endeavor in good faith to replace such invalid or unenforceable provision with a valid and enforceable provision which achieves the purposes intended by the Parties to the greatest extent permitted by law.

IN WITNESS WHEREOF, the Seller and the Buyer have caused this agreement to be signed by their respective duly authorized officers as of the date first above written.

MONTAUP ELECTRIC COMPANY

By: 
Name: Kevin A. Kirby
Title: Vice President

SOUTHERN ENERGY NEW ENGLAND, L.L.C.

By: 
Name: Randall E. Harrison
Title: Vice President

Exhibits to Asset Sale Agreement

EXHIBIT A
TO ASSET SALE AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSUMPTION AND ASSIGNMENT AGREEMENT, dated as of _____, by and between Montaup Electric Company, a Massachusetts corporation, (the "Seller"), and _____, a _____ corporation (the "Buyer").

WITNESSETH

WHEREAS, pursuant to that certain Asset Sale Agreement, dated as of _____, 1998 (as amended, supplemented or otherwise modified from time to time, the "Asset Sale Agreement"), by and between the Seller and the Buyer, the Seller has agreed to sell, assign, convey, transfer and deliver all of its right, title and interest in the Assets (as defined in the Asset Sale Agreement) to the Buyer and the Buyer has agreed to purchase and acquire such Assets from the Seller, all as more fully described in the Asset Sale Agreement;

WHEREAS, in partial consideration therefor, the Asset Sale Agreement requires that the Buyer assume and agree to pay, perform or discharge or cause to be paid, performed or discharged certain liabilities and obligations of the Seller; and

WHEREAS, pursuant to the Asset Sale Agreement, the Seller and the Buyer have agreed to enter into this Assignment and Assumption Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms which are used but not defined in this Assignment and Assumption Agreement shall have the meanings ascribed to such terms in the Asset Sale Agreement.

2. Assignment. Subject to the terms and conditions of the Asset Sale Agreement, the Seller does hereby sell, assign, convey, transfer and deliver to the Buyer all right, title and interest in and to all of the Project Documents free and clear of all Encumbrances, other than Permitted Encumbrances.

3. Assumption. The Buyer hereby assumes and agrees to pay, perform or discharge in accordance with their terms, to the extent not heretofore paid, performed or discharged and subject to the limitations contained herein and in the Asset Sale Agreement, the Assumed Liabilities, as provided in Section 2.3 of the Asset Sale Agreement.

4. No Waiver. It is understood and agreed that nothing in this Assumption Agreement or in Section 2.3 of the Asset Sale Agreement shall constitute a waiver or release of any claims arising out of the contractual relationships between the Seller and the Buyer.

5. No Other Assumption. The Buyer shall not assume or be obligated to pay, perform or otherwise discharge any liability or obligation of the Seller, direct or indirect, known or unknown, absolute or contingent, other than the Assumed Liabilities, including, without limitation, any Excluded Liabilities.

6. No Third Party Beneficiaries. Nothing in this instrument, express or implied, is intended or shall be construed to confer upon, or give to, any person other than the Buyer any remedy or claim under or by reason of this instrument or any agreements, terms, covenants or conditions hereof, and all the agreements, terms, covenants and conditions in this instrument contained shall be for the sole and exclusive benefit of the Buyer and its successors and permitted assigns.

7. Binding Effect; Assignment. This Assignment and Assumption Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

8. Governing Law. This Assumption and Assumption Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (regardless of the laws that might otherwise govern under applicable Massachusetts principles of conflicts of laws).

9. Construction. This Assignment and Assumption Agreement is delivered pursuant to and is subject to the Asset Sale Agreement. In the event of any conflict between the terms of the Asset Sale Agreement and the terms of this Assignment and Assumption Agreement, including those terms set forth in paragraph 8 hereof, the terms of the Asset Sale Agreement shall prevail.

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first above written.

MONTAUP ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

[THE BUYER]

By: _____
Name: _____
Title: _____

EXHIBIT B
TO ASSET SALE AGREEMENT

BILL OF SALE

THIS BILL OF SALE, dated as of _____, by and between Montaup Electric Company, a Massachusetts corporation, (the "Seller"), and _____, a _____ corporation (the "Buyer").

WITNESSETH

WHEREAS, pursuant to that certain Asset Sale Agreement, dated as of _____, 1998 (as amended, supplemented or otherwise modified from time to time, the "Asset Sale Agreement"), by and between the Seller and the Buyer, the Seller has agreed to sell, assign, convey, transfer and deliver all of its right, title and interest in the Assets (as defined in the Asset Sale Agreement) to the Buyer and the Buyer has agreed to purchase and acquire such Assets from the Seller, all as more fully described in the Asset Sale Agreement;

WHEREAS, concurrently herewith the Buyer is executing an Assignment and Assumption Agreement pursuant to which the Buyer is assuming and agreeing to pay, perform or discharge or cause to be paid, performed or discharged certain liabilities and obligations of the Seller, as required by the Asset Sale Agreement; and

WHEREAS, pursuant to the Asset Sale Agreement, the Seller and the Buyer have agreed to enter into this Bill of Sale pursuant to which that part of the Assets which constitutes personal property, if any, will be conveyed to the Buyer;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms which are used but not defined in this Bill of Sale shall have the meanings ascribed to such terms in the Asset Sale Agreement.

2. Assignment. Except as set forth in Section 3 below and subject to the terms and conditions of the Asset Sale Agreement, the Seller does hereby sell, assign, convey, transfer and deliver to the Buyer all right, title and interest in and to all of the Assets which constitute personal property free and clear of all Encumbrances, other than Permitted Encumbrances.

3. Excluded Assets Not Assigned. Notwithstanding anything herein to the contrary, the Excluded Assets are specifically excluded from the Assets and shall be retained by the Seller at and following the Closing Date.

4. No Third Party Beneficiaries. Nothing in this instrument, express or implied, is intended or shall be construed to confer upon, or give to, any person other than the Buyer any remedy or claim under or by reason of this instrument or any agreements, terms, covenants or conditions hereof, and all the agreements, terms, covenants and conditions in this instrument contained shall be for the sole and exclusive benefit of the Buyer and its successors and permitted assigns.

5. Binding Effect: Assignment. This Bill of Sale and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

6. Governing Law. This Bill of Sale shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (regardless of the laws that might otherwise govern under applicable Massachusetts principles of conflicts of laws).

7. Construction. This Bill of Sale is delivered pursuant to and is subject to the Asset Sale Agreement. In the event of any conflict between the terms of the Asset Sale Agreement and the terms of this Bill of Sale, including those terms set forth in paragraph 6 hereof, the terms of the Asset Sale Agreement shall prevail.

IN WITNESS WHEREOF, this Bill of Sale has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first above written.

MONTAUP ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

[THE BUYER]

By: _____
Name: _____
Title: _____

EXHIBIT C-1
TO ASSET SALE AGREEMENT

DEED

Montaup Electric Company ("Grantor"), a Massachusetts corporation having a mailing address of P.O. Box 543, 750 West Center Street, West Bridgewater, Massachusetts 02379, for consideration paid, releases to _____ ("Grantee") with a mailing address of _____, without covenants, expressed or implied all of Grantor's right, title and interest, if any, in and to the tract of land situated in _____, in the County of _____, in the State of _____, described on Exhibit A attached hereto and made a part hereof.

Subject to and together with the benefit of all easements, restrictions, exceptions, reservations, exclusions, rights-of-way, covenants and other interests of record, to the extent the same are now in force and applicable.

[Reservation of Rights]

For title to the premises, see deed from _____.

IN WITNESS WHEREOF, Montaup Electric Company has hereto caused its name to be subscribed and its corporate seal to be affixed this _____ day of _____ 1998.

Montaup Electric Company

By: _____
Its: _____

The Commonwealth of Massachusetts

_____ ss. _____, 1998

Then personally appeared the above named _____ acting in his/her capacity as _____ of Montaup Electric Company and acknowledged the foregoing instrument to be his/her free act and deed before me.

Notary Public
My commission expires: _____

GRANT OF EASEMENTS

Agreement made this day of , 1998 between Southern Energy New England, L.L.C., a Delaware limited liability company ("Grantor"), with a principal place of business at 900 Ashwood Parkway, Suite 500, Atlanta, Georgia , and Commonwealth Electric Company, a Massachusetts corporation ("Grantee") with a principal place of business at Cranberry Highway, Wareham, Massachusetts

RECITALS

By deed of even date herewith, Grantor has received right, title and interest in and to certain property located in Sandwich, Barnstable County, Massachusetts from Canal Electric Company, an affiliate of Grantee, which property is more particularly described in the Exhibit entitled "Property Description" attached hereto (the "Property") in conjunction with the sale by such affiliate to Grantor of such affiliate's electric generation business;

In conjunction with and as a condition of such grant, Grantor agreed to grant to Grantee certain structures, facilities, equipment, rights and easements on, over and under the Property to enable Grantee to continue to operate Grantee's business of the transmission and distribution of electricity as it relates to the Property;

GRANT

Now, therefore, in consideration of the premises and for further consideration of the payment of \$10.00, Grantor hereby grants, with quitclaim covenants, to Grantee:

1. The non-exclusive perpetual right and easement to use the Access Easements as shown on each of (i) that certain plan entitled "Exhibit "A" Proposed Easements", a copy of which is attached hereto as Exhibit A, and (ii) that certain plan entitled "Exhibit "B" Proposed Easement", a copy of which is attached hereto as Exhibit B (collectively the "Proposed Easement Plans"), for access to Grantee's land shown on the Subdivision Plan (as defined in the Property Description Exhibit attached hereto) and the improvements thereon, including without limitation the right to pass and repass by vehicle and on foot over such Access Easements;

2. The non-exclusive perpetual right and easement over, under, through, across and upon such Access Easements, the areas marked on the Exhibit "A" Proposed Easements as "Underground Electric Distribution", "Existing Transformer", "EMH" and "Cellular One Shed", and all lines and wires connecting such

locations, and the area on the Subdivision Plan marked "Commonwealth Electric Company 100' Distribution Easement" (the "Distribution Easement"), to construct, reconstruct, install, repair, replace, maintain, operate and patrol, for the transmission of high and low voltage electric energy and for the transmission of intelligence, lines of buried and above-ground wires and cables and lines of towers or poles or both (which may be erected at the same or different times), with wires and cables strung upon and from the same, and all necessary ducts, conduits, raceways, manholes, hand holes, riser poles, foundations, anchors, guys, braces, fittings, equipment and appurtenances, including a buried ground wire, and to excavate so much thereof as is reasonable, necessary and proper in connection with the exercise of the foregoing rights.

Also the perpetual right and easement from time to time, without further payment therefor, to clear and keep cleared by physical, chemical or other means, said Access Easements and the Distribution Easement of trees, underbrush and above and below ground structures (the first clearing may be for less than the full width and may be widened from time to time to the full width) and to renew, replace, add to and otherwise change the lines and each and every part thereof and all appurtenances thereto and the location thereof within said Access Easements and Distribution Easement.

Grantor covenants and agrees that no act will be permitted within the Access Easement or the Distribution Easement which is inconsistent with the rights hereby granted; that no buildings or structures will be erected or constructed within the Access Easements or the Distribution Easement, and that the present grade or ground level of the Access Easements will not be changed by excavation or filling.

3. The non-exclusive perpetual right and easement to use the railroad tracks shown on Exhibit A Proposed Easements attached hereto and the area adjacent thereto shown on such plan as "Commonwealth Electric Company Rail Delivery & Site Storage Easement" for the purpose of loading on and unloading from railroad cars, the storage of equipment, property and material to be used by Grantor in the transmission and distribution of electrical service whether on the Grantor's retained land or otherwise, and the right to pass and repass over such easement area on foot and by vehicle.

4. The perpetual right and easement to pass and repass over the Property, and on and over Freezer Road as shown on the Proposed Easement Plans, on foot and in vehicles at all times for the exercise of the rights and easements described in the foregoing paragraphs, such right and easement to be exercised in a manner that will not unreasonably interfere with the operations of the Grantor on the Property.

5. The perpetual right and easement to reconstruct, reinstall, repair, replace, maintain and operate existing

electrical substation equipment on the Property, and to excavate so much thereof as is reasonable, necessary and proper in connection with the exercise of the foregoing rights, such electrical substation equipment including, but not limited to: power transformers; circuit breakers; disconnect switches; control, protection, revenue metering and SCADA equipment; reactive equipment (capacitor banks and shunt reactors); lightning arrestors; DC power sources (batteries and chargers); AC power sources (station service transformers and connections); control houses and microwave enclosures; communications equipment; support structures; and buried and above-ground electrical control and power cables. The use of the within granted easement areas shall be in common with the use thereof by the Grantor and neither party shall unreasonably interfere with the operations of the other party within the Property.

6. The perpetual right and easement to construct, reconstruct, install, repair, replace, maintain and operate communications equipment on the communication tower(s), stack(s) or other support structures presently existing on the Property and the perpetual right and easement to reconstruct, repair, replace, add to, maintain and operate all passive microwave reflectors now located on the Property.

The Grantor covenants and agrees: to maintain and repair such communication tower(s), stack(s) and other support structures in a safe and sound condition so as to permit the Grantee to conduct the foregoing activities; and, not to construct new structures or engage in other activities which might interfere with the continued operation or usefulness of such equipment.

7. The perpetual right and easement to reconstruct, reinstall, add to, repair, replace, maintain and operate existing equipment associated with the transmission and distribution of electricity presently located within the generating plant facility located on the Property, such equipment including, without limitation: control rooms; communications equipment; protective relays and systems, revenue meter and SCADA rooms or locations; and transmission and distribution cabling interfaced points and electrical equipment. The Grantor shall administer the allocation of unoccupied space within ducts, cable trays and similar facilities in a manner to insure that good utility practices are followed. Any equipment and facilities installed by the Grantee within the generating plant facility in locations different from existing locations shall be in locations mutually agreeable to the Grantor and the Grantee and in accordance with good utility practices. Neither the Grantor nor the Grantee shall unreasonably interfere with the operations of the other party within the generating plant facility.

8. It is the intention of the parties that the rights and easements hereby granted to the Grantee shall be assignable. Insofar as permitted by law, the provisions hereof are intended to

bind and inure to the benefit of the successors and assigns in title to the parties hereto.

Grantee agrees that upon the written request of Grantor it will consent to the relocation by Grantee of the easements herein granted, so long as (i) Grantor irrevocably agrees to bear the cost of such relocation, (ii) such relocation will be to property owned by Grantor and will not materially adversely affect the operation of Grantee's transmission and distribution business (except for down time associated with the cut over for such relocation process in accordance with good utility practice), and (iii) the proposed relocation is consistent with good utility practice. Grantee further agrees to condition any grant or assignment by it of the easements herein granted on the express agreement of its transferee to be bound by the terms and conditions of this paragraph. Any dispute between Grantor and Grantee under this paragraph shall be resolved by expedited arbitration in Boston, Massachusetts pursuant to the rules of the American Arbitration Association.

Each of Grantor and Grantee (in this paragraph, each an "Indemnitor") agree to indemnify, defend and save harmless the other party (in this paragraph, each an "Indemnified Party") from and against all loss, cost and expense relating to property damage or personal injury to the extent that such damage or injury arises from or on account of the gross negligence or wilful misconduct of the Indemnitor, or any person or party for whom the Indemnitor is legally responsible, in exercising its rights or obligations in conjunction with the easements herein granted.

For title to the Property, reference is made to the deed of even date herewith from Canal Electric Company to Grantor recorded herewith.

In Witness Whereof, Grantor has caused this instrument to be executed and delivered as a sealed instrument on the day and date first set forth above.

Southern Energy New England, L.L.C.

By: _____
Name:
Title:

Commonwealth Electric Company

By: _____
Name:
Title:

COMMONWEALTH OF MASSACHUSETTS
SUFFOLK, SS

On this day of , 1998, before me,
the undersigned, a Notary Public in and for said County and
Commonwealth, personally appeared , personally
known to me, or proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the within
instrument and acknowledged to me that he executed the same in his
authorized capacity, and that by his signature on the instrument
the person, or the entity upon behalf of which the person acted,
executed the instrument of its free act and deed.

Witness my hand and official seal.

Notary Public
My commission expires:

COMMONWEALTH OF MASSACHUSETTS
SUFFOLK, SS

On this day of , 1998, before me,
the undersigned, a Notary Public in and for said County and
Commonwealth personally appeared , personally
known to me, or proved to me on the basis of satisfactory evidence
to be the persons(s) whose name(s) is subscribed to the within
instrument and acknowledged to me that he executed the same in his
authorized capacity, and that by his signature on the instrument
the person, or the entity upon behalf of which the person acted,
executed the instrument of its free act and deed.

Witness my hand and official seal.

Notary Public
My commission expires:

PROPERTY DESCRIPTION

The land, with the improvements thereon situated and all rights appurtenant thereto, in Sandwich, Barnstable County, Massachusetts, more particularly described as follows:

Parcel I:

Two contiguous lots of land bounded generally northerly by the Cape Cod Canal, easterly by Freezer Road, southerly by a railroad right of way formerly of the Penn Central Corporation, and westerly by the Bourne/Sandwich town line, the first such lot being shown as Lot 7 on Land Court Plan No. 14716D dated April, 1960, a copy of which is filed with Document No. 25546 and the second such lot is shown as a Lot on Land Court Plan No. 33200A dated February 1, 1966 and July, 1977, a copy of which is filed with Certificate of Title No. 44756.

Together with:

- (i) a right of way appurtenant to that portion of the above described premises which was included within the area of the 16 acre parcel owned by Joseph H. Pope, Sr. in 1848 and described in a Deed of Lemuel B. Nye, et al. to Thomas Pope, dated April 30, 1835, recorded in Book 27, Page 266, which appurtenant right of way is within the limits of the railroad crossing as shown on Land Court Plan No. 33200-A and is ten feet in width with its west line coinciding with the west line of the traveled way over the said crossing as delineated by the dotted lines on said Plan No. 33200-A and the said right of way is to be used for the purpose of vehicular travel.
- (ii) benefits of rights set forth in various leases, easements and licenses, including without limitation, defined access to railroad spur tracks, rights of way over service roads and local private ways, such as Freezer Road, railroad crossing rights of wires, pipes and vehicles, rights to operate and maintain water intake tunnels and a bar screen from the Cape Cod Canal, and the right to operate and maintain water discharge pipes into the Cape Cod Canal.

For title to the foregoing, reference is made as to Lot 7 to Certificate of Title No. 33180 in Registration Book 259, Page 30, and as to the other Lot to Certificate of Title No. 44756 in Registration Book 355, Page 86.

Parcel II:

Lot 1 as shown on that certain plan entitled "ComElectric Approval Not Required Subdivision Plan of Land Owned by Canal

Electric, Sandwich (Barnstable County) MA" dated April 6, 1998, Scale 1" = 100' (the "Subdivision Plan"), which plan is recorded in Book , Page

For title to the foregoing, reference is made to the following:

(i) Deed from Edward S. Pratt, Jr. dated May 6, 1980 recorded in Book 3095, Page 338;

(ii) Deed from Dorothy B. Plat, dated June 20, 1958, recorded in Book 1064, Page 535;

(iii) Deed from Cape & Vineyard Electric Company, dated June 20, 1964, recorded in Book 1262, Page 434;

(iv) Deed from Evelyn C. Pratt, dated November 17, 1956, recorded in Book 1319, Page 1184;

(v) Deed from Leon A. Burgess, dated August 9, 1965, recorded in book 1308, Page 134.

Parcel III:

Lot 3 as shown on the Subdivision Plan.

For title to the foregoing, reference is made to the following:

Parcel IV:

Three registered and one unregistered contiguous lots of land bounded generally northerly by land of the United States government, northeasterly by Cape Cod Bay, southeasterly by land of the Town of Sandwich and by Town Neck Road, southerly, easterly and northerly by land now or formerly of Franklin W. Kelleher shown as Lot 1 on Land Court Plan 26823C, southeasterly again by Town Neck Road, southwesterly by Coast Guard Road and northwesterly and southwesterly by land now or formerly of Sandwich Realty Trust shown as Lot 1 on Land Court Plan No. 16967-B.

The three registered parcels are shown as:

1. Lot 2 on Land Court Plan No. 16967B dated October 1, 1956, a copy of which is filed with Certificate of Title No. 19773;
2. Lot on Land Court Plan No. 33312A dated September 1, 1964 and July 1, 1966, a copy of which is filed with Certificate of Title No. 38811, together with the benefit of rights and easements set forth in a grant by the Secretary of the Army to Cape & Vineyard Electric Company dated November 17, 1961 recorded in Book 1138, Page 299.

3. Lot 2 shown on Land Court Plan No. 26823C filed with Certificate of Title No. 33193, excepting and excluding the lot marked "Anastasia F. Powers" on said plan.

The unregistered lot is that lot described in a deed to Grantor recorded in Book 1319, Page 1184.

For title to the foregoing, reference is made to the following certificates of title:

- (i) Certificate No. 33180;
- (ii) Certificate No. 38811;
- (iii) Certificate No. 33193.

Note: As used herein, "recorded" means recorded with Barnstable County Registry of Deeds", and "filed" means "filed with the Barnstable Registry District of the Land Court."

CAPE COD CANAL

CANAL ELECTRIC COMPANY
L.C.C. 14716

CANAL ELECTRIC COMPANY
L.C. PLAN 33200A

COMMONWEALTH ELECTRIC COMPANY
RAIL DELIVERY & SITE STORAGE EASEMENT

RAIL DELIVERY & SITE STORAGE EASEMENT
AREA = 1.04 ACRES
W. 100.00' N. 84° 37' 29" E 294.75' S. 84° 37' 29" W 294.75' E 100.00' N

COMMONWEALTH ELECTRIC COMPANY

N/P PENN CENTRAL TRANSPORTATION COMPANY

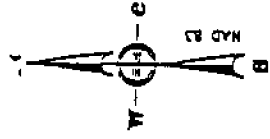
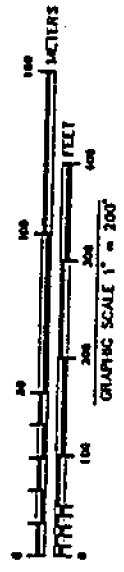
170 FOWNS ROAD
SUITE 201
BRANDRIE MA 02184
(781) 380-7750
FAX (781) 380-7757

SMC RECORDING AND REPRODUCTION

DRAWING NO. 100000000

PLAN NOTES

PLAN OF LAND IN SAMPSON
LAND COURT PLAN NO. 33200A
DATED: FEBRUARY 1, 1994 SCALE: 1" = 200'
PREPARED BY: SCHOTTELD BROTHERS



UNITED STATES OF AMERICA
471.90'

L=1414.15'

FREZZER ROAD
PRIVATE V.T.

FREZZER ROAD
PRIVATE V.T.

EXHIBIT "A"

PROPOSED EASEMENTS

CANAL



ACCESS EASEMENT
Area=9173±sq ft

CANAL ELECTRIC COMPANY
L.C.C. 14716

COMMONWEALTH ELECTRIC COMPANY



MC
REPLACING AND TAPPING CONNECTIONS
 FAX (781) 540-1737

RETURNED TO SENDER

EXHIBIT "B"
PROPOSED EASEMENT

DEED AND GRANT OF EASEMENTS

Canal Electric Company, a Massachusetts corporation ("Grantor"), with a principal place of business at Freezer Road, Sandwich, Massachusetts, for consideration paid of \$ GRANTS to Southern Energy New England, L.L.C., a Delaware limited liability company, with a principal place of business at 900 Ashwood Parkway, Suite 500, Atlanta, Georgia, with quitclaim covenants:

1. those certain parcels of land, together with the buildings and other improvements thereon and the rights appurtenant thereto, in Sandwich, Barnstable County, Massachusetts located at Freezer Road, Tupper Road and Town Neck Road, and more particularly described in Exhibit A attached hereto;

2. those certain easements as follows:

a. as appurtenant to the land described as Parcel I in Exhibit A attached hereto, a non-exclusive easement for purposes of installation, maintenance, repair, replacement and removal of a sewer line within the easement area, over Lot 2 as shown on that certain plan entitled "ComElectric Approval Not Required Subdivision Plan of Land Owned by Canal Electric Company, Sandwich, (Barnstable County) MA." dated April 6, 1998, Scale 1"=100', which plan is recorded with the Barnstable County Registry of Deeds in Book , Page (the "Subdivision Plan"), which easement area is marked on the Subdivision Plan as "Proposed 20' Wide Sewer Easement appurtenant to Lot 3 (centered on existing force main)"; notwithstanding the foregoing, Grantor shall retain the right, at its option and upon notice to Grantee, to relocate such easement over other portions of the aforesaid Parcel 2, at the sole cost and expense of Grantor, and such relocation shall be accomplished in a manner such that the use by Grantor of the sewer force main located and to be located within the easement area shall be interrupted only to the extent necessary to accomplish such relocation and in accordance with good engineering practice;

b. as appurtenant to the land described as Parcel I in Exhibit A attached hereto, a non-exclusive easement for the purpose of installing, maintaining, repairing, replacing and removing electric transmission lines between said Parcel I and the transmission towers presently or hereafter located within the easement area (which transmission towers shall remain the property of Grantor, its successors and assigns) over that portion of the aforesaid Lot 2, which easement area is marked on the Subdivision Plan as "Proposed Electric Transmission Wire Easement"; notwithstanding the foregoing, Grantor shall retain the right, at its option and upon notice to Grantee, to relocate the transmission

towers within such easement area and to relocate the easement area to other land owned by Grantor, at the sole cost and expense of Grantor, such relocation to be accomplished in a manner such that use by Grantee of the transmission wires within the easement area shall be interrupted only to the extent necessary to accomplish such relocation and in accordance with good utility practice.

The easements hereby granted in paragraphs 2a and 2b above shall terminate respectively in the event that the use by Grantor of the aforesaid sewer force main, as to the easement granted in subparagraph a, or the transmission lines, as to the easement granted in subparagraph b, is abandoned by Grantee, upon which occurrence Grantee shall acknowledge such termination by a signed, recordable document upon request by Grantor.

By its acceptance of the within grant of easements, Grantee, for itself, its successors and assigns, hereby agrees to indemnify, defend and hold Grantor, its successors and assigns, harmless from and against the claims and demands of all parties arising out of the use of such easement by Grantor, its successors, assigns, employees, agents and invitees, except claims and demands arising out of the sole gross negligence or willful act of the Grantor, its successor and assigns.

Subject to and together with the benefit of all matters appearing of record at Barnstable County Registry of Deeds and Barnstable Registry District of the Land Court.

The grants set forth herein shall inure to the benefit of and be binding upon Grantor, Grantee and their respective successors and assigns.

The granted premises do not constitute all or substantially all of the assets of the Grantor located in the Commonwealth of Massachusetts.

, 1998.

By: _____
Name: _____
Title: _____

1998

Then personally appeared the above-named
of Canal Electric Company and acknowledged
the foregoing to be the free act and deed of Canal Electric
Company, before me

Notary Public
My Commission Expires:

1998

Then personally appeared the above-named
of Southern Energy New England, L.L.C. and
acknowledged the foregoing to the free act and deed of Southern
Energy New England, L.L.C., before me

Notary Public
My commission expires:

EXHIBIT A

DEEDED PROPERTY DESCRIPTION

The land, with the improvements thereon situated and all rights appurtenant thereto, in Sandwich, Barnstable County, Massachusetts, more particularly described as follows:

Parcel I:

Two contiguous lots of land bounded generally northerly by the Cape Cod Canal, easterly by Freezer Road, southerly by a railroad right of way formerly of the Penn Central Corporation, and westerly by the Bourne/Sandwich town line, the first such lot being shown as Lot 7 on Land Court Plan No. 14716D dated April, 1960, a copy of which is filed with Document No. 25546 and the second such lot is shown as a Lot on Land Court Plan No. 33200A dated February 1, 1966 and July, 1977, a copy of which is filed with Certificate of Title No. 44756.

Together with:

- (i) a right of way appurtenant to that portion of the above described premises which was included within the area of the 16 acre parcel owned by Joseph H. Pope, Sr. in 1848 and described in a Deed of Lemuel B. Nye, et al. to Thomas Pope, dated April 30, 1835, recorded in Book 27, Page 266, which appurtenant right of way is within the limits of the railroad crossing as shown on Land Court Plan No. 33200-A and is ten feet in width with its west line coinciding with the west line of the traveled way over the said crossing as delineated by the dotted lines on said Plan No. 33200-A and the said right of way is to be used for the purpose of vehicular travel.
- (ii) benefits of rights set forth in various leases, easements and licenses, including without limitation, defined access to railroad spur tracks, rights of way over service roads and local private ways, such as Freezer Road, railroad crossing rights of wires, pipes and vehicles, rights to operate and maintain water intake tunnels and a bar screen from the Cape Cod Canal, and the right to operate and maintain water discharge pipes into the Cape Cod Canal.

For title to the foregoing, reference is made as to Lot 7 to Certificate of Title No. 33180 in Registration Book 259, Page 30, and as to the other Lot to Certificate of Title No. 44756 in Registration Book 355, Page 86.

Parcel II:

Lot 1 as shown on that certain plan entitled "ComElectric Approval Not Required Subdivision Plan of Land Owned by Canal

Electric, Sandwich (Barnstable County) MA" dated April 6, 1998, Scale 1" = 100' (the "Subdivision Plan"), which plan is recorded in Book , Page

For title to the foregoing, reference is made to the following:

(i) Deed from Edward S. Pratt, Jr. dated May 6, 1980 recorded in Book 3095, Page 338;

(ii) Deed from Dorothy B. Plat, dated June 20, 1958, recorded in Book 1064, Page 535;

(iii) Deed from Cape & Vineyard Electric Company, dated June 20, 1964, recorded in Book 1262, Page 434;

(iv) Deed from Evelyn C. Pratt, dated November 17, 1956, recorded in Book 1319, Page 1184;

(v) Deed from Leon A. Burgess, dated August 9, 1965, recorded in book 1308, Page 134.

Parcel III:

Lot 3 as shown on the Subdivision Plan.

For title to the foregoing, reference is made to the following:

Parcel IV:

Three registered and one unregistered contiguous lots of land bounded generally northerly by land of the United States government, northeasterly by Cape Cod Bay, southeasterly by land of the Town of Sandwich and by Town Neck Road, southerly, easterly and northerly by land now or formerly of Franklin W. Kelleher shown as Lot 1 on Land Court Plan 26823C, southeasterly again by Town Neck Road, southwesterly by Coast Guard Road and northwesterly and southwesterly by land now or formerly of Sandwich Realty Trust shown as Lot 1 on Land Court Plan No. 16967-B.

The three registered parcels are shown as:

1. Lot 2 on Land Court Plan No. 16967B dated October 1, 1956, a copy of which is filed with Certificate of Title No. 19773;
2. Lot on Land Court Plan No. 33312A dated September 1, 1964 and July 1, 1966, a copy of which is filed with Certificate of Title No. 38811, together with the benefit of rights and easements set forth in a grant by the Secretary of the Army to Cape & Vineyard Electric Company dated November 17, 1961 recorded in Book 1138, Page 299.

3. Lot 2 shown on Land Court Plan No. 26823C filed with Certificate of Title No. 33193, excepting and excluding the lot marked "Anastasia F. Powers" on said plan.

The unregistered lot is that lot described in a deed to Grantor recorded in Book 1319, Page 1184.

For title to the foregoing, reference is made to the following certificates of title:

- (i) Certificate No. 33180;
- (ii) Certificate No. 38811;
- (iii) Certificate No. 33193.

Note: As used herein, "recorded" means recorded with Barnstable County Registry of Deeds", and "filed" means "filed with the Barnstable Registry District of the Land Court."

EXHIBIT D
TO ASSET SALE AGREEMENT

FIRPTA AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding tax is not required upon the disposition of a U.S. real property interest by Montaup Electric Company (the "Company"), the undersigned hereby certifies the following on behalf of the Company:

1. The Company is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and the Income Tax Regulations);

2. The Company's U.S. employer identification number is _____; and

3. The Company's office address is:

The Company understands that this certification may be disclosed to the Internal Revenue Service by a transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under the penalties of perjury I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Company.

MONTAUP ELECTRIC COMPANY

By: _____
Name:
Title:

EXHIBIT E
TO ASSET SALE AGREEMENT

FORM OF INTERCONNECTION AGREEMENT

SEE SEPARATE VOLUME III

EXHIBIT F
TO ASSET SALE AGREEMENT

FORM OF WHOLESALE STANDARD OFFER SERVICE
AGREEMENT

**Wholesale Standard Offer
Service Agreement**

between

Blackstone Valley Electric Company

Eastern Edison Company

Newport Electric Corporation

and

Southern Energy New England, L.L.C.

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Appendix A Schedule of Supplier's Share of Offer Service and Standard Offer Wholesale Price

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

This Wholesale Standard Offer Service Agreement ("Agreement"), is made and entered into this 15th day of May, 1998, between Eastern Edison Company, ("Eastern") a Massachusetts Corporation; Blackstone Valley Electric Company ("Blackstone"), a Rhode Island Corporation; and Newport Electric Corporation ("Newport"), a Rhode Island Corporation (referred to individually as the "Company" or collectively as the "Companies"), on the one hand, and Southern Energy New England, L.L.C., a Delaware Limited Liability Company ("Supplier"), on the other hand.

WHEREAS, the Supplier will purchase certain electric resources from Montaup Electric Company, under an asset sale agreement, (the "Asset Sale Agreement") dated May 15, 1998; and as condition of such purchase and sale Supplier is required to assume a share of the Companies' Standard Offer Service under this Agreement; and

WHEREAS, the Companies are required to provide firm all- requirements service to any retail customer that is eligible for and is taking Standard Offer Service in accordance with the Settlement Agreements; and

WHEREAS, this Agreement provides for the transfer, from the Companies to Supplier, of the responsibility for providing firm all-requirements electric service including capacity, energy, reserves, losses and other related services necessary to serve a specified share of the Companies' aggregate load of retail customers taking Standard Offer Service; and

WHEREAS, by entering into this Agreement, Supplier agrees to provide and the Companies agree to receive and pay for electricity provided in accordance with the terms and conditions of this Agreement and the applicable Appendices, subject to any actions by any governmental bodies having regulatory jurisdiction over services rendered hereunder.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, Supplier and Companies agree to the terms and conditions as set forth below:

ARTICLE 1. Definitions

Whenever used in this Agreement, the following terms shall have the following meanings. In addition, except as otherwise expressly provided, where terms used in this Agreement are defined in the Restated NEPOOL Agreement and not otherwise defined herein, such terms shall have the meanings given them in the Restated NEPOOL Agreement.

"Affiliate" shall mean any other entity (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For purposes of the foregoing the definition of "control" means the direct or indirect ownership of more than seventy percent of the outstanding capital stock or other equity interest having ordinary voting power.

"Agreement" shall mean this Agreement, including its Appendices as amended from time to time.

"Commencement Date of Service" shall mean the later of the Closing Date as defined in the Asset Sales Agreement or the date on which required regulatory approvals have been obtained.

"Contract Year" shall mean any calendar year, or in the case of 1998 part of a calendar year, after the Commencement Date of Service in which Supplier is scheduled to provide electricity to the Companies for Standard Offer Service.

"Companies' System" shall mean the electrical distribution systems of Blackstone, Newport, Eastern, and/or the electrical transmission system of Montaup Electric Company, as applicable.

"Delivered Energy" shall mean the kilowatt-hours delivered to the meters of those retail customers taking Standard Offer Service.

"Delivery Point" shall be any location on the NEPOOL PTF system or Companies' System.

"D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy or its successor state regulatory agency.

"Good Utility Practice" – Any of the applicable practices, methods and acts (i) required by NEPOOL, the Northeast Power Coordinating Council, the North American Electric Reliability Council, the ISO or the successor of any of them; (ii) required by the policies and standards of the D.T.E. relating to emergency operations; or (iii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period; which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Good utility practice is intended to be acceptable practices, methods or acts generally accepted in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

"ISO" shall mean ISO New England, Inc., the independent system operator established in accordance with the Restated NEPOOL Agreement, or its successor.

"NEPOOL" shall mean the New England Power Pool or its successor.

"Party" or "Parties" shall mean the Supplier and the Companies and their respective successors and assigns.

"Price" shall mean the annual amount per kilowatt-hour to be paid for Delivered Energy set forth in Article 5 with no variation for time-of-use, seasonality, or any other factor except as specified in Article 5. The Companies or their Standard Offer customers shall not be obligated under this Agreement for any payments for Delivered Energy in addition to the payments made pursuant to Article 5.

"PTF" shall mean the facilities categorized as Pool Transmission Facilities as defined in the Restated NEPOOL Agreement.

"P.U.C." shall mean the Rhode Island Public Utilities Commission or its successor state regulatory agency.

"Restated NEPOOL Agreement" shall mean the New England Power Pool Agreement dated December 31, 1996, as amended from time to time, as it is in force at the time the action in question is taken.

"Settlement Agreements" shall mean any agreement or agreements that have been approved by the D.T.E. in Docket No. 96-24, P.U.C. in Docket No. 2514, and the Federal Energy Regulatory Commission in Docket Nos. ER97-2800-000 and ER97-3127-000, together with all conditions, terms and modifications imposed by those agencies.

"Standard Offer Service" shall mean firm all-requirements electric service (minute by minute, hour by hour, day by day) including, but not limited to: energy, installed capability, operable capability, reserves, and associated losses necessary to fulfill all NEPOOL and ISO obligations as they may change from time to time associated with providing firm all requirements power to the Companies' retail customers taking Standard Offer Service in accordance with the Settlement Agreements.

"Standard Offer Wholesale Price" shall mean the stipulated stream of prices, in cents per kilowatt-hour, that will be paid to suppliers of Standard Offer Service for Delivered Energy, as shown in Appendix A.

"Terms and Conditions for Suppliers" shall mean the Blackstone Valley Electric Company and Newport Electric Corporation Terms and Conditions for Electric Power Suppliers dated May 29, 1997 as approved by the P.U.C., or the Eastern Edison Company Terms and Conditions for Competitive Suppliers as approved by the D.T.E., as applicable. These Terms and Conditions may be revised, amended, supplemented, or supplanted in whole or in part from time to time by the P.U.C. or D.T.E. or as otherwise provided by law.

ARTICLE 2. Term

The term of this Agreement shall begin on the Commencement Date of Service and end at 12:00 midnight on December 31, 2009, unless terminated sooner in accordance with Article 8 or 9.

ARTICLE 3. Supplier Responsibilities

Supplier shall, prior to the Commencement Date of Service, (i) be a member, in good standing, of NEPOOL or its successor entity and maintain an own-load dispatch or settlement account established in accordance with the rules and criteria established by the ISO throughout the term of this agreement, or (ii) have an agreement in place, for the full term of this Agreement, with a NEPOOL member whereby the NEPOOL member agrees to include the load to be served by Supplier under this Agreement in its own-load dispatch or settlement account. In addition, Supplier must satisfy registration and certification requirements, as the case may be, as a Non-Regulated Power Producer in Massachusetts and Rhode Island.

Supplier is responsible for providing firm all-requirements service necessary to serve its share, as shown in Appendix A attached hereto, of the Companies aggregate load attributed to those customers taking Standard Offer Service, including changes in Standard Offer Service customer demand for any reason, including, but not limited to, seasonal factors, daily load fluctuations, increased or decreased usage, demand side management activities, extremes in weather, and other similar events.

As a provider of Standard Offer Service, Supplier is solely responsible for satisfying all requirements and paying all costs incurred or to be incurred to provide those generation-related services including, without limitation, all costs or other requirements to furnish installed capability, operable capability, energy, operating reserves, line losses, automatic generation control, and other generation-related ancillary services associated with the provision of its share of Standard Offer Service. Supplier is also solely responsible for meeting any other requirements and paying any other cost now or hereafter imposed by the ISO from time to time which are attributable to the provision of Standard Offer Service, as they may arise. If the ISO or any successor entity or NEPOOL allocates any expenses or uplift costs to the Standard Offer Service provided by the Supplier (on a load or peak load basis or otherwise), the expenses or costs so allocated will be borne by the Supplier alone without recourse to the Companies.

Supplier shall be responsible for all transmission and distribution losses associated with the delivery of electricity supplied under this Agreement from the sources of its supply to the meters of those customers taking Standard Offer Service; provided, however, the Companies shall operate their respective distribution systems in accordance with Good Utility Practice.

Supplier is responsible for any transmission wheeling costs to the Delivery Point and any distribution wheeling costs associated with supply sources not included in Companies' approved distribution rates. If the NEPOOL control area experiences congestion, Supplier will be responsible for any congestion costs incurred in delivering power to the Delivery Point(s). In the

event that NEPOOL adopts a transmission congestion management approach assigning priority rights or other benefits to transmission customers serving native load in the congested area, then, if so requested by Supplier, the Companies shall assign to the Supplier at no cost the proportional share of such priority rights or other benefits associated with Seller's proportional share of Standard Offer Service under this Agreement at such time. Supplier shall be responsible for all transmission and distribution costs associated with the use of transmission systems outside of NEPOOL and any local point-to-point transmission charges and distribution charges incurred to deliver the power to the NEPOOL PTF or the Companies' systems.

In the event that either the D.T.E. or the P.U.C. issue orders requiring the Companies to implement uniform disclosure requirements that pertain to the reporting of information regarding power plant emissions, fuel types, or labor information for the sources of electricity used to supply Standard Offer Service, the Supplier will provide, subject to any confidentiality obligations to which it is bound, such information in a timely manner in an appropriate form to enable the Companies to comply with such requirements.

ARTICLE 4. Estimation of Hourly Loads and Reporting to the ISO

To meet their NEPOOL obligations, the Companies shall report to the ISO Supplier's share of hourly Standard Offer Service load, including distribution and non-PTF losses. As required by NEPOOL, the Companies will make all reasonable efforts to report to the ISO Supplier's hourly share of Standard Offer Service load by 12:00 noon of the second following business day. In making such reports, the Companies will estimate Supplier's share of Standard Offer Service load based on the methods and procedures approved in Terms and Conditions for Suppliers on file with the P.U.C. and D.T.E., as amended from time to time.

As described in the Terms and Conditions for Suppliers, to determine Supplier's share of Delivered Energy, at the end of each month, the Companies shall aggregate Supplier's hourly Standard Offer Service loads as reported to the ISO for each hour of the month. The Supplier's aggregate share of Standard Offer Service, excluding losses, will be deemed to be the quantity of Delivered Energy that Supplier provided for that month and is the unadjusted kWh amount to be used for Billing and Payment as described in Article 6.

The Companies will periodically reconcile the Delivered Energy to actual meter readings of those customers taking Standard Offer Service, as described in the Terms and Conditions for Suppliers. The Companies will apply any resulting billing adjustment (debit or credit) to Supplier's account no later than the last day of the third month following the billing month.

ARTICLE 5. Price

For each kilowatt-hour of Delivered Energy that Supplier provides in each month, as determined in accordance with Article 4 and the Terms and Conditions for Suppliers, the Companies shall pay Supplier the applicable Price for the month in cents per kilowatt-hour calculated as follows:

$$\text{Price} = \text{Standard Offer Wholesale Price} \\ + \text{Fuel Adjustment Factor}$$

Where: Standard Offer Wholesale Price in cents per kilowatt hour is as defined in Article 1 and shown in Appendix A, and

Fuel Adjustment Factor is a cents per kilowatt-hour adder based on the incremental revenues collected, if any, attributed to the operation of the Retail Standard Offer Fuel Index ("Fuel Index") mechanism in the Companies' Standard Offer Service tariffs. The revenues attributed to the Fuel Index will be fully allocated to Suppliers in proportion to the Standard Offer Service energy provided by each Supplier for the applicable billing month through the Fuel Adjustment Factor. The Fuel Index, and the resulting Fuel Adjustment Factor to be paid to Supplier, will be made subject to regulatory approval and only to the extent that the Companies are allowed to collect such revenues from their retail customers taking Standard Offer Service.

With the exception of any sales or gross receipt taxes which are required by law to be paid by Standard Offer Service customers, the Price for Delivered Energy as set forth herein includes all local, state, and federal taxes, fees and levies applicable as of the date hereof. For any new taxes, fees and levies, assessed with respect to the services provided by Supplier after the Commencement Date of Service, the Companies will fully support and pursue in good faith the recovery of any such new tax, fee and levy imposed on Supplier from the Companies' Standard Offer Service customers. To the extent such new taxes, fees and levies are allowed to be recoverable by the Companies from their Standard Offer Service customers, the Companies shall reimburse Supplier for such generation related taxes, fees and levies paid by Supplier.

ARTICLE 6. Billing and Payments

Until reconciled with actual metered data pursuant to the Terms and Conditions of Suppliers, computations by the Companies of the charges for the purposes of billings hereunder shall be based on estimates of Supplier's Delivered Energy in accordance with Article 4 and the Price as determined in accordance with Article 5. The Companies shall calculate the amount payable to Supplier for a given month on or before the twentieth (20th) day of the following month. The calculation shall be provided to Supplier and shall show the total amount due and

payable for the previous month. Each bill shall be subject to adjustment for any errors in arithmetic computation, estimating, reconciliation pursuant to the Terms and Conditions of Suppliers or otherwise only to the extent allowed by the terms of this Article 6.

On or before the last day of each month, Companies shall pay Supplier any amounts due and payable for the Delivered Energy provided by Supplier in the previous month ("Due Date"). Any amount remaining unpaid after the Due Date shall bear interest at the Prime Rate then in effect at the main office of BankBoston, or such other lending institution as agreed to by Companies and Supplier, from the Due Date to the date of payment by Companies.

If Supplier disputes the amount of any bill or payment, Supplier shall itemize the basis for its dispute in a written notice to Companies within fifteen days after the Due Date. Billing and payment disputes shall be handled in accordance with the provisions of Article 13 of this Agreement. Upon final resolution of the dispute, payment of any amount due to a Party under the terms of the resolution shall be made within thirty (30) days of the date thereof, together with interest from and after the original Due Date at the rate specified in this Article.

The Companies may make retroactive adjustments to any billing for a period of up to one year from the date of the original billing in order to reflect differences in charges resulting from receipt of more accurate data. Supplier may dispute such adjustment in writing within thirty (30) days of receipt of the proposed adjustment.

ARTICLE 7. Security Provisions

As a condition of this Agreement and upon execution hereof, the Supplier shall deliver to the Companies a financial surety to secure Supplier's performance under this Agreement under one of the following forms:

(1) Except as otherwise provided in this Article, Supplier shall at all times during the term of this Agreement (i) maintain an investment grade rating on its senior debt securities, as determined by Standard & Poor's Corporation, Moody's Investors Service, Inc. or another nationally recognized rating service reasonably acceptable to the Companies and (ii) maintain total assets of at least \$500,000,000 times the percentage of the Companies' Standard Office Service which is initially satisfied by the Wholesale Standard Offer Service under this Agreement (the foregoing items (i) and (ii) being herein referred to as the "Creditworthiness Criteria"). If on the Commencement Date of Service or at any time during the term of this Agreement the Supplier shall fail to meet the Creditworthiness Criteria, then the Supplier shall promptly deliver to the Companies an unconditional and irrevocable guaranty of its obligations under this Agreement in form and substance acceptable to the Companies and issued by an entity meeting the Creditworthiness Criteria (a "Guaranty"). The amount of any such Guaranty shall be the difference between the value of Supplier's total assets and its requirements pursuant to part (ii) of the Creditworthiness Criteria; provided, however, that if Supplier meets or exceeds its obligations pursuant to part (ii) of the Creditworthiness Criteria no Guaranty will be required of it. Supplier or the issuer of the Guaranty, as applicable, shall certify to the Companies no less frequently than the end of every calendar quarter that it meets the Creditworthiness Criteria (which certification shall include such calculations and evidence as the Companies shall reasonably request from time to time), and shall deliver financial statements to the Companies certified by a firm of certified

public accountants of national standing at least annually within sixty (60) days following the end of the Supplier's or the guarantor's fiscal year.

(2) In lieu of meeting the Creditworthiness Criteria or delivering the Guaranty as required in Article 7(1), Supplier shall have the right on the Commencement Date of Service to deliver to the Companies an irrevocable standby letter of credit issued by a commercial bank reasonably acceptable to the Companies. The amount of such letter of credit shall be calculated annually based on the following formula:

$$SD(n) = SF \times STDL(n-1) \times \{ (PSTD(n) \times TD(n)) + (PSTD(n+1) \times TD(n+1)) + (PSTD(n+2) \times TD(n+2)) + \dots + (PSTD(2009) \times TD(2009)) \}$$

Where:

SD(n) is the Security Deposit in Contract Year (n)

SF is the Security Fee equal to \$10.00/MWh

STDL(n-1) is the aggregate load of those customers taking Standard Offer Service in the previous Contract Year (n-1), expressed in MWh. In Contract Year 1998, STDL shall be 4,500,000 MWh.

PSTD(n) is the percentage share of Standard Offer Service load that the Supplier has committed to provide in Contract Year (n) as shown in Appendix A.

TD(n) is the Transition Discount in Contract Year (n), calculated as follows:

TD(n)	= 1.00
TD(n+1)	= (7-1)/7 = 0.857
TD(n+2)	= (7-2)/7 = 0.714
TD(n+3)	= (7-3)/7 = 0.571
TD(n+4)	= (7-4)/7 = 0.429
TD(n+5)	= (7-5)/7 = 0.286
TD(n+6)	= (7-6)/7 = 0.143
TD(n+7)	= 0
TD(n+8)	= 0
TD(n+9)	= 0
TD(n+10)	= 0
TD(n+11)	= 0

The letter of credit shall be available to be drawn upon by the Companies in the event that an event of default occurs with respect to the Supplier hereunder and shall otherwise be in form and substance reasonably acceptable to the Companies (the "Initial Letter of Credit"). The draw down on the Initial Letter of Credit shall be limited to the amount the Companies are entitled to pursuant to Article 8(2) hereof. The bank issuing such Initial Letter of Credit on behalf of a Supplier must maintain a long term debt rating of "A" or better from Standard and Poor's Rating Service or Moody's Investment Service.

The Initial Letter of Credit, if not issued for the full term of the Supplier's Standard Offer Service obligation, shall be renewed on an annual basis or replaced and superseded by a like kind of surety at least thirty (30) days prior to the expiration of such prior surety on a continuing basis to the termination of this Agreement or until Supplier's share of Standard Offer Service load is zero. The amount of such financial surety may be amended on an annual basis to reflect the security amount calculated pursuant to this Article 7 for the remaining term of this Agreement, provided that, if such Initial Letter of Credit is drawn down upon by the Companies, Supplier shall have no duty to renew or replace it with a letter of credit having a face amount greater than that remaining on the drawn down Initial Letter of Credit.

ARTICLE 8. Events of Default, Liability, Relationship of the Companies

(1) Unless excused by a Force Majeure as described in Article 10, each of the following events shall be deemed to be an Event of Default hereunder:

- (a) Failure of the Company to pay when due any undisputed payment due to Supplier and such failure shall continue for five (5) days following the receipt of written notice from the Supplier specifying the overdue amount.
- (b) Failure of Supplier, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, and such failure is not cured or rectified within forty-five (45) days after receipt of written notice thereof from the Companies.
- (c) Failure of the Companies, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, other than as described in (a) above, and such failure is not cured or rectified within forty-five (45) days after receipt of written notice thereof from the Supplier.
- (d) Failure of Supplier to maintain any of the security requirements outlined in Article 7, and such failure is not cured or rectified within ten (10) days after notice thereof from the Companies.
- (e) And with respect to the Supplier, any Company and/or the Companies, a custodian, receiver, liquidator or trustee for such Party is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty days; or the Party makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts as they mature; or the Party is adjudicated as bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against the Party; or any material property of the Party is sequestered by court order

and the order remains in effect for more than sixty days; or a petition is filed against the Party under any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law of any jurisdictions, whether now or subsequently in effect, and is not stayed or dismissed within sixty days after filing; or the Party files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or the Party consents to the filing of any petition against it under any such law; or the Party consents to the appointment or taking possession by a custodian, receiver, trustee or liquidator of the Party or any material portion of its property.

(2) Upon the occurrence of an Event of Default by the Companies, the Companies shall be liable to the Supplier for any direct damages resulting from the Event of Default, including, but not limited to, reasonable additional administrative and legal expenses incurred as a result of Companies failure to perform. Supplier shall take all commercially reasonable measures to mitigate such direct damages. In addition, the Supplier may unconditionally terminate this Agreement by giving written notice to the Companies, such termination to be effective as of the date specified in such notice. Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the Companies, herein are several and not joint. Each of the Company's share of such rights and obligations shall be determined by the portion of its monthly Standard Offer Service requirements represented as a percentage of the Companies' total Standard Offer Service requirements during the period of time in which the right, obligation or liability in questions arose, accrued and/or matured, and in the event of difficulty or a dispute in determining the appropriate period of time, during the entire duration of the Agreement.

(3) Upon the occurrence of an Event of Default by the Supplier, the Supplier shall be liable to the Companies for all costs reasonably incurred by the Companies resulting from Supplier's failure to deliver its share of the Standard Offer Service. Such amount shall include the positive difference, if any, obtained by subtracting the per unit Price established in Article 5, from the per unit Replacement Price. The positive difference shall be applied to each kilowatthour that Supplier fails to deliver.

"Replacement Price" shall mean the price at which the Companies acting in a commercially reasonable manner purchase substitute Standard Offer Service not delivered by Supplier, plus any additional transmission and NEPOOL charges, incurred by the Companies. The Parties hereby stipulate that purchases at the applicable NEPOOL spot market prices will be deemed commercially reasonable.

The Parties expressly agree that the amounts set forth in this Article 8(3) do not constitute liquidated damages. In addition to the amounts established in this Article 8(3) above, the Supplier shall be liable to the Companies for any additional direct damages resulting from an Event of Default associated with reasonable additional administrative and legal expenses incurred as a result of Supplier's failure to perform, and the Companies may unconditionally terminate this Agreement by giving at least sixty (60) days advance written notice to the Supplier, such termination to be effective as of the date specified in such notice. The Parties expressly agree that

the Companies may exercise their rights under the financial surety provided under Article 7 to collect any and all amounts owed and due from the Supplier resulting under this Article 8.

Nothing in this Article 8 shall be construed to limit the right of any party to seek any remedies for a breach specified in this Agreement by the other Party or Parties of its or their obligations hereunder, whether or not such breach results in a termination of this Agreement under this Article 8 and whether or not such breach is cured per Articles 8(1)(a) or 8(1)(b), or during any period during which the non-breaching Party elects not to exercise its right to terminate this Agreement. In particular, each Party shall have the right to seek a specific performance of any of the obligations of any other Party hereunder.

ARTICLE 9. Termination

In addition to the termination rights for an Event of Default provided in Article 8, the Companies may terminate this Agreement if Supplier's share of Standard Offer Service load is less than one (1) megawatt for two consecutive months.

ARTICLE 10. Force Majeure

As used in this Agreement, "Force Majeure" means any cause beyond the reasonable control of, and without the fault or negligence of, the Party claiming Force Majeure. A Force Majeure shall include, without limitation, sabotage, strikes, riots or civil disturbance, acts of God, acts of a public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or any similar cataclysmic occurrence, or appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof, but only if and to the extent that the event adversely affects the availability of the transmission or distribution facilities of NEPOOL and/or its participants, the Companies or an affiliate of the Companies, and such affected facilities are necessary to deliver Standard Offer Service electricity to the Standard Offer Service customers.

An event that affects the availability or cost of operating any transmission or distribution facilities outside the NEPOOL control area, affects the availability or cost of operating a generating facility, or any event that merely causes an economic hardship to either Party shall not be deemed a Force Majeure.

If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure as defined above, that Party shall be excused from whatever performance is affected by the Force Majeure, to the extent so affected, provided that:

- (a) The non-performing Party promptly, but in no case longer than five (5) working days after the occurrence of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence;
- (b) The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure;

- (c) The non-performing Party uses reasonable efforts to remedy its inability to perform and expeditiously takes reasonable action to correct or cure the event or condition; and
- (d) The non-performing Party exercises all reasonable efforts to mitigate or limit damages to the other Party. With respect to the Supplier, this shall mean that Supplier must purchase, at its own expense, electricity from the NEPOOL market to meet its obligations under this Agreement, to the extent such electricity is available and deliverable.

ARTICLE 11. Assignment

Unless mutually agreed to by the Parties, no assignment, pledge, or transfer of this Agreement shall be made by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld, except no prior written consent shall be required for (i) the assignment, pledge or other transfer to another company or Affiliate in the same holding company system as the assignor, pledgor or transferor, provided, the assignee, pledgee or transferee expressly assumes and demonstrates, to the reasonable satisfaction of the non-assigning Party, that it can meet the obligations of the assignor, pledgor or transferor under this Agreement, or (ii) the transfer, incident to a merger or consolidation with, or transfer of all (or substantially all) of the assets of the transferor, to another person or business entity, provided, such transferee expressly assumes, and demonstrates to the reasonable satisfaction of the non-assigning party that it can meet, all the obligations of the assignor, pledgor or transferor under this Agreement; provided, however, that no such assignment by the Companies shall serve to expand or increase the magnitude of Supplier's obligation, as referenced in Appendix A, to provide Standard Offer Service to the assignee. Notwithstanding any of the foregoing, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements; and Seller may without the consent of the Companies', transfer, sell, assign or pledge this Agreement or the accounts, revenues or proceeds hereof in connection with any sale or transfer of the generating facilities so long as the transferee satisfies the requirements of Article 7.

ARTICLE 12. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assigns.

ARTICLE 13. Resolution of Disputes

Subject to Article 8(3), all disputes between the Companies and Supplier resulting from or arising out of performance under this Agreement shall be referred to a senior representative of the Companies with authority to settle, designated by the Companies, and a senior representative of Supplier with authority to settle, designated by Supplier, for resolution on an informal, face-to-face basis as promptly as practicable. The Parties agree that such informal discussion shall be conducted in good faith. The discussions between such representatives shall be considered "settlement talks" under Rule 403 of the Federal Rules of Evidence or analogous Massachusetts rules or practices and such discussions shall have no evidentiary value provided, however, that

either Party may introduce evidence of matters discussed in such settlement talks, if the facts and documents reflecting such matters are discovered or otherwise come into a Party's possession independent of such settlement talks. In the event the designated senior representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Companies and the Supplier may jointly agree upon, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedure set forth herein if the Companies and Supplier jointly agree to submit it to arbitration. For any dispute or claim arising out of or relating to any charges incurred under this Agreement having a value less than or equivalent to \$100,000, such arbitration shall be mandatory. Nothing in this Article 13 shall prevent the Companies from issuing, pursuant to Sections 1(a) and (3) of Article 8, notice of failure to comply with, observe or perform this Agreement.

The arbitration shall be conducted before a single neutral arbitrator or arbitrator panel appointed by the Parties. If the Parties agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, that arbitrator shall serve, otherwise the Companies and Supplier shall each choose one arbitrator, who shall serve on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to act as chairman of the arbitration panel. If the two arbitrators are unable to select a third arbitrator, each arbitrator shall select three candidates. A list of the six candidates, along with their resumes, shall be provided in alphabetical order, with no indication of the arbitrator who selected such candidate or the Party who selected the arbitrator who selected such candidate, to the American Arbitration Association ("AAA"), who will select one candidate. If that candidate is unable or unwilling to serve, AAA shall select another candidate. This process will be repeated until a third arbitrator is selected or the list of candidates is exhausted. If the list of candidates is exhausted, the arbitrators shall submit a new list of candidates and the process set forth above shall be repeated a second time. In all cases, the arbitrator(s) shall be knowledgeable in electric utility matters, including electricity transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration or any affiliate of such Party.

Except as otherwise provided herein, the arbitrator(s), shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration, except as specifically authorized by a vote of the panel. The Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her, or their appointment and shall notify the Parties in writing of such decision and the reasons therefor, and shall make an award apportioning the payment of the costs and expenses of arbitration, including panel costs, among the Parties, provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to amend or modify this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards required under the Federal Arbitration Act (9 U.S.C.A. Sect. 1 et. al.) and/or The Uniform Arbitration Act, as adopted in Massachusetts (M.G.L. c. 251, Sect. 1 et seq.).

ARTICLE 14. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and shall be controlled by the laws of the Commonwealth of Massachusetts, without regard to Massachusetts conflict of law principles.

ARTICLE 15. Severability of Provisions

Subject to the provisions of Article 13, a holding by any court having jurisdiction that any provision of this Agreement is invalid or unenforceable shall not result in invalidation or unenforceability of the entire Agreement but all remaining terms shall remain in full force and effect.

ARTICLE 16. Accounts and Records

The Companies and Supplier shall keep complete and accurate records of their operations hereunder and shall maintain such data for a period of at least two (2) years after final billing. The Companies and Supplier shall have the right, during normal business hours, to examine and inspect all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statement of charges associated with service hereunder.

ARTICLE 17. Limitations on Liability and Indemnification

Each Party agrees to indemnify, defend, and hold the other Party (including the other Party's affiliated companies, trustees, directors, board members, officers, employees, and agents) harmless from and against any and all damages, costs, claims, liabilities, actions or proceedings arising from or claimed to have arisen from the wrongful acts or omissions of the indemnifying Party's employees or agents, unless caused by an act of negligence or willful misconduct by the indemnified Party (including the Party's affiliated companies, trustees, directors, board members, officers, employees or agents).

The Parties hereby waive and release the other Party as well as the other Party's affiliated companies, trustees, directors, officers, employees, and agents from any liability, claim, or action arising from damage to its property due to the performance of this Agreement.

To the fullest extent permissible by law, neither the Companies nor Seller, nor their respective officers, directors, agents, employees, parent or Affiliates, successors or assigns, or their respective officers, directors, agents or employees, successors or assigns, shall be liable to the other party or its parent, subsidiaries, Affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action for incidental, indirect, special ,

punitive, multiple or consequential damages (including attorneys' fees or litigation costs) connected with or resulting from performance or non-performance of the Agreement, or any actions undertaken in connection with or related to this Agreement, including without limitation any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, Massachusetts General Laws Chapter 93A, statute, operation of law, or any other theory of recovery. The provisions of this Section 17 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

ARTICLE 18. Regulation

(1) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable state and federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authority having jurisdiction, provided, however, that this Agreement shall not be subject to change through unilateral application under Sections 205 and 206 of the Federal Power Act.

(2) This Agreement is intended to comply with all NEPOOL Criteria, Rules, and Standards ("Rules"). If, during the term of this Agreement, the Restated NEPOOL Agreement is terminated or amended in a manner that would eliminate or alter a Rule affecting a right or obligation of a Party hereunder, or if such a Rule is eliminated or altered by NEPOOL or the ISO, in a manner which materially affects the costs and obligations to provide Standard Offer Service, the Companies and Supplier shall meet to determine appropriate compensation to the affected Party. In the event that the Parties are not able to agree on the materiality of the cost or obligations or the amount to be reimbursed, Parties shall attempt to resolve the matter in accordance with Article 13.

(3) In the event that the Standard Offer Service or the Terms and Conditions for Suppliers are terminated, amended or replaced by any governmental or regulatory agency having jurisdiction over the provision of Standard Offer Service in a manner which materially increases Supplier's costs or obligations to provide Standard Offer Service or the Companies are prevented from recovering from customers taking Standard Offer Service the cost of electricity provided by Supplier, the Companies and Supplier shall meet to determine appropriate compensation to the negatively impacted Party. In the event that the Parties are not able to agree on the materiality of the increased cost or obligations or the amount to be reimbursed, Parties shall attempt to resolve the matter in accordance with Article 13.

ARTICLE 19. Notices

Any notice, demand, or request permitted or required under this Agreement shall be delivered in person or mailed by certified mail, postage prepaid, return receipt requested, or otherwise confirmed receipt, to a Party at the applicable address set forth below:

To Companies:

Kevin A. Kirby
Vice President – Power Supply
EUA Service Corporation
P. O. Box 543
750 West Center Street
West Bridgewater, MA 02379

To Supplier:

Randall E. Harrison
Vice President
Southern Energy New England, L.L.C.
900 Ashwood Parkway
Suite 500
Atlanta, GA 30338

with a copy to:

Troutman Sanders LLP
NationsBank Plaza, Suite 5200
600 Peachtree Street NE
Atlanta, Georgia 30308

Attention: Robert C. Marshall, Esq.

and

Rubin and Rudman, L.L.P.
50 Rowes Wharf
Boston, MA 02110

Attention: Andrew J. Newman, Esq.

Such addresses may be changed from time to time by written notice by either Party to the other Party.

ARTICLE 20. Miscellaneous:

- (1) Each Party shall prepare, execute and deliver to the other Party any documents reasonably required to implement any provision hereof.
- (2) Each Party represents to the other that this Agreement and such Party's performance thereof are within the corporate powers of such Party and have been duly authorized by proper corporate action on the part of such Party.
- (3) Any number of counterparts to this Agreement may be executed and each shall have the same force and effect as the original.
- (4) This Agreement shall constitute the entire understanding between the Parties and shall supersede all prior correspondence and understandings pertaining to the subject matter of this Agreement.
- (5) Failure of either Party to enforce any provision of this Agreement or to require performance by the other Party of any of the provisions hereof, shall not be construed as a waiver of such provisions or affect the validity of this Agreement, any part hereof, or the right of either Party to thereafter enforce each and every provision.
- (6) Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.
- (7) Nothing in this Agreement shall be construed as creating any relationship between the Parties other than that of independent contractor for the sale and purchase of electricity at wholesale.
- (8) Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the Companies herein are several and not joint. Each of the Companies share of such rights and obligations shall be determined by the portion of its monthly Standard Offer Service energy requirements represented as a percentage of the Companies' total Standard Offer Service requirement.

IN WITNESS WHEREOF, Supplier and the Companies have caused this Agreement to be signed by their respective duly authorized representatives as of the date first above written.

Supplier: SOUTHERN ENERGY NEW ENGLAND, L.L.C.

By: _____

Name: Randall E. Harrison
Title: Vice President

On Behalf of the Companies:

Blackstone: BLACKSTONE VALLEY ELECTRIC COMPANY

By: _____

Name: Michael J. Hirsh
Title: Vice President

Eastern: EASTERN EDISON COMPANY

By: _____

Name: Michael J. Hirsh
Title: Vice President

Newport: NEWPORT ELECTRIC CORPORATION

By: _____

Name: Michael J. Hirsh
Title: Vice President

APPENDIX A

SCHEDULE OF SUPPLIER'S SHARE of STANDARD OFFER SERVICE AND STANDARD OFFER WHOLESALE PRICE

TABLE 1

Calendar Year	Supplier's Share of Standard Offer Service <u>In Percent</u>	Standard Offer Wholesale <u>Price</u>
1998	30.4523%	3.2 cents/kWh
1999	30.4523%	3.5 cents/kWh
2000	30.4523%	3.8 cents/kWh
2001	30.4523%	3.8 cents/kWh
2002	30.4523%	4.2 cents/kWh
2003	30.4523%	4.7 cents/kWh
2004	30.4523%	5.1 cents/kWh
* 2005	30.4523%	5.5 cents/kWh
2006	30.4523%	5.9 cents/kWh
2007	30.4523%	6.3 cents/kWh
2008	30.4523%	6.7 cents/kWh
2009	30.4523%	7.1 cents/kWh

* Standard Offer Service for Eastern Edison terminates at 12:00 midnight on February 28, 2005.

Option to Reduce Supplier's Share

Prior to January 1, 1999, the Companies may reduce Supplier's percentage share of Standard Offer Service shown above by the same amount for each year for the remaining term of Standard Offer Service under the auction procedures specified in the Settlement Agreement; provided however, that once the Companies have elected to reduce Supplier's share of Standard Offer Service, such percentage share cannot be increased.

EXHIBIT G
TO ASSET SALE AGREEMENT

GUARANTY

This Guaranty (this "Guaranty"), dated as of May 15, 1998, is given by Southern Energy, Inc., a Delaware corporation (the "Guarantor"), in favor of Montaup Electric Company ("Montaup").

RECITALS

WHEREAS, Southern Energy New England, L.L.C., a Delaware limited liability company and a direct or indirect wholly-owned subsidiary of the Guarantor (the "Buyer"), has entered into an Asset Sale Agreement of even date herewith with Montaup (the "Asset Sale Agreement"), pursuant to which the Buyer has agreed to purchase and Montaup has agreed to sell Montaup's interests in certain electric generating assets, as more particularly set forth therein; and

WHEREAS, Guarantor has agreed to guarantee the payment obligations of Buyer under the Asset Sale Agreement; and

WHEREAS, it is a condition to the obligations of Montaup under the Asset Sale Agreement that the Guarantor execute and deliver this Guaranty; and

WHEREAS, the Guarantor will benefit from the transactions contemplated by the Asset Sale Agreement.

NOW, THEREFORE, the Guarantor agrees as follows:

Section 1. Definitions. Capitalized terms used herein shall have the meanings assigned to them herein or, if not defined herein, then such terms shall have the meanings assigned to them in the Asset Sale Agreement.

Section 2. Guaranty. (a) Guarantor hereby absolutely and irrevocably guarantees to Montaup, as primary obligor and not merely as a surety, the full and prompt payment when due of all obligations of the Buyer under the Asset Sale Agreement, subject to any limitations on the obligations of the Buyer contained therein (all of such obligations collectively, the "Guaranteed Obligations"). Guarantor agrees that such obligations shall forthwith become due and payable by Guarantor for the purposes of this Guaranty upon the occurrence of any event or condition giving rise to the obligation of the Buyer so to pay under the Asset Sale Agreement. The liability of Guarantor under this Guaranty is a guaranty of payment and not of collection.

(b) Notwithstanding anything to the contrary in this Guaranty, this Guaranty and the obligations of the Guarantor hereunder shall terminate and be of no further force and effect from the earlier of either (i) the occurrence of the Closing under the Asset Sale Agreement or (ii) the performance by the Guarantor or the Buyer of the Guaranteed Obligations in full.

Section 3. Guaranty Absolute. The liability of Guarantor under this Guaranty shall be unaffected by:

(1) any lack of validity of the Asset Sale Agreement which is caused by an act or failure to act of Buyer or the Guarantor;

(2) the occurrence or continuance of any event of bankruptcy, reorganization or insolvency with respect to Buyer or any other Person (for purposes hereof, "Person" shall include any natural person, corporation, partnership, firm, association, governmental authority or any other entity whether acting in an individual, fiduciary or other capacity), or the dissolution, liquidation or winding up of Buyer or any other Person;

(3) any amendment, supplement, reformation or other modification of the Asset Sale Agreement;

(4) the exercise, non-exercise or delay in exercising, by Montaup or any other Person of any of their rights and remedies under this Guaranty or the Asset Sale Agreement;

(5) any permitted assignment or other transfer of this Guaranty by Montaup, or any permitted assignment or other transfer of the Asset Sale Agreement in whole or in part;

(6) any change in control of the Buyer;

(7) any sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in Buyer; or

(8) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses.

Section 4. Waiver. In addition to waiving any defenses to which clauses (1) through (8) of Section 3 may refer:

(1) Guarantor waives, and agrees that it shall not at any time insist upon, plead or in any manner whatever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshalling of assets or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent or otherwise affect

the performance by Guarantor of its obligations under, or the enforcement by Montaup of, this Guaranty.

(2) Guarantor waives all notices, diligence, presentment and demand (whether for nonpayment or protest or of acceptance, maturity, extension of time, change in nature or form of the Guaranteed Obligations, acceptance of security, release of security, composition or agreement arrived at as to the amount of, or the terms of, the Guaranteed Obligations, notice of adverse change in Buyer's financial condition, or any other fact which might materially increase the risk to Guarantor hereunder) with respect to the Guaranteed Obligations which are not specifically provided for in the Asset Sale Agreement, and any other demands whatsoever which are not specifically provided for in the Asset Sale Agreement, and waives the benefit of all provisions of law which are in conflict with the terms of this Guaranty.

(3) Until payment and satisfaction in full of all Guaranteed Obligations, Guarantor irrevocably waives any right it may have to bring a case or proceeding against Buyer by reason of its performance under this Guaranty or with respect to any other obligation of Buyer to Guarantor, under any state or federal bankruptcy, insolvency, reorganization, moratorium or similar laws for the relief of debtors.

Section 5. Representations and Warranties. Guarantor represents and warrants as follows:

(1) Due Organization. Guarantor is a corporation duly organized and validly existing under the laws of the State of Delaware.

(2) Power and Authority. Guarantor has full corporate power, authority and legal right to enter into this Guaranty and to perform its obligations hereunder.

(3) Due Authorization. This Guaranty has been duly authorized, executed and delivered by Guarantor.

(4) Enforceability. This Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(5) No Conflicts. The execution and delivery by Guarantor of this Guaranty and the performance by Guarantor of its obligations hereunder will not (i) violate the provisions of Guarantor's certificate of incorporation or bylaws; (ii) violate the provisions of any law applicable to Guarantor or the transactions contemplated hereby; or (iii) result in a breach of or constitute a default under any agreement to which Guarantor is a party or by which it or its assets or property are bound which breach or default would have a material adverse effect on Guarantor's ability to perform its obligations hereunder.

(6) No Proceedings. There is no action, suit or proceeding at law or in equity or by or before any governmental authority or arbitral tribunal now pending or, to the best knowledge of Guarantor, threatened against Guarantor which reasonably could be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(7) No Claims. Guarantor's obligations under this Guaranty are not subject to any offsets or claims of any kind against Buyer or Montaup or any other Person.

Section 6. Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in full force and effect until terminated in accordance with Section 2(b).

Section 7. Independent and Separate Obligations. The obligations of Guarantor hereunder are independent of the obligations of Buyer with respect to all or any part of the Guaranteed Obligations and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not any other such obligations exist, whether or not Guarantor is the alter ego of Buyer and whether or not Buyer is joined therein or a separate action or actions are brought against Buyer.

Section 8. Repayment and Reinstatement. If any claim is ever made upon Montaup or any Person claiming through Montaup for repayment or disgorgement of any amount or amounts received by Montaup from the Buyer in payment of the Guaranteed Obligations and Montaup or such Person, as the case may be, repays or disgorges all or any part of said amount, then, notwithstanding any revocation or termination of this Guaranty, Guarantor shall be and remain liable to Montaup or such Person, as the case may be, under the terms of the Guaranty for the amount so repaid, to the same extent as if such amount had never originally been received by Montaup or such Person, as the case may be.

Section 9. Amendments; Waivers; Etc. Neither this instrument nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by Montaup and Guarantor. No delay or failure by Montaup to exercise any remedy against Buyer or Guarantor will be construed as a waiver of that right or remedy. No failure on the part of Montaup to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by any applicable law.

Section 10. Severability. In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other instrument evidencing or securing the Guaranteed Obligations, the terms of this Guaranty shall remain fully valid and effective. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective.

Section 11. Assignment.

(1) Assignability. Guarantor shall not have the right to assign any of Guarantor's rights or obligations under this Guaranty. Montaup may, at any time and from time to time, assign, in whole or in part, the rights of Montaup hereunder to any Person to whom Montaup has the right to assign its rights or obligations under and, pursuant to the terms of the Asset Sale Agreement, whereupon such assignee shall succeed to all rights of Montaup hereunder.

(2) Successors and Assigns. Subject to Section 11(a) hereof, all of the terms of this instrument shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 12. Address for Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Asset Sale Agreement and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

Section 13. JURISDICTION.

(1) TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN BOSTON, MASSACHUSETTS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY, AND GUARANTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH A COURT. GUARANTOR AND MONTAUP HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDINGS BY THE MAILING OF COPIES OF SUCH PROCESS TO GUARANTOR AT ITS ADDRESS SPECIFIED BELOW THE SPACE FOR ITS EXECUTION OF THIS GUARANTY. GUARANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(2) TO THE EXTENT THAT GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS OTHERWISE CONSENTED TO IN PARAGRAPH (a) OF THIS SECTION (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, TO THE EXTENT PERMITTED BY LAW, GUARANTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY.

Section 14. GOVERNING LAW. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS EXCEPT THE CHOICE OF LAW RULES.

Section 15. Entire Agreement. This Guaranty contains the complete agreement of Guarantor with respect to the matters contained herein and supersedes all other negotiations or agreements, whether written or oral, with respect to the subject matter hereof.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty effective as of the date first above written.

SOUTHERN ENERGY, INC.

By: _____
Name: Randall E. Harrison
Title: Vice President

Address: 900 Ashwood Parkway
Suite 500
Atlanta, Georgia
Attn: Randall E. Harrison
Telephone: _____
Facsimile: _____

ACCEPTED AND AGREED:

MONTAUP ELECTRIC COMPANY

By: _____
Name: Kevin A. Kirby
Title: Vice President

Address: c/o EUA Service Corporation
750 West Center Street
West Bridgewater, Massachusetts 02379
Attn: Manager - Power Resources
Telephone: (508) 559-2000
Facsimile: (508) 559-8932

Schedules to Asset Sale Agreement

SCHEDULES

Schedule 1.1(a)(3)(iii)

Personal Property Associated with Canal Station

See Attached Continuing Property Records*

SEE SEPARATE VOLUME III

* All dollar amounts in the attached materials may or may not reflect the Seller's interest in the described property and should be disregarded.

Schedule 1.1(a)(3)(vii)

Allowances and/or Emission Reduction Credits Associated with Canal Station

Sulfur Dioxide (SO₂) Allowances

Canal Units 1 and 2 are Phase II affected units under Title IV of the Clean Air Act Amendments of 1990 and have been issued a 25 year allocation (2000-2024) of allowances. Except for those allowances that may be required for compliance purposes, the entire allocation for Unit #1 and #2 (Canal's 50% interest and Montaup Electric Company's 50% interest in Unit #2) are to be included with the asset. Any allowances to be retained by SELLER shall be identified by SELLER prior to closing. SELLER would retain any proceeds from any sale of allowances in the EPA auction process that occurs pre-closing.

Phase II Oxide of Nitrogen (NO_x) Allowances

Canal Units 1 and 2 are affected units under 310 Code of Massachusetts Regulations (CMR) 7.27 (the ("NO_x Allowance Program") under which NO_x Allowances will be allocated on a percent of available budget basis, to units 1 and 2 commencing in 1999 and continuing through 2002. Except for those allowances that may be required for compliance purposes, the entire allocation for Unit 1 and 2 (Canal's 50% interest and Montaup Electric Company's 50% interest in Unit #2) are to be included with the asset. Any allowances to be retained by SELLER shall be identified by SELLER prior to closing.

Emission Reduction Credits

Except for those credits that may be required for compliance purposes, SELLER will include with the asset any Certified Emission Reduction Credits (ERCs) generated in accordance with 310 Code of Massachusetts Regulations (CMR) 7.00 Appendix B by the operation of Canal Unit 1 and 2 (Canal's 50% interest and Montaup Electric Company's 50% interest in Unit #2) below applicable NO_x Reasonable Available Control Technology (RACT) limits. Any ERCs to be retained by SELLER shall be identified by SELLER prior to closing.

AIR EMISSION ALLOWANCES AND CREDITS – CANAL STATION

Acid Rain Phase II (2000 – 2027)

Phase II SO ₂ Allowance Balances			
Station, Unit	Annual Allocation Years 2000 – 2009 (tons)	Annual Allocation Years 2010 – 2027 (tons)	Total Phase II Allowance Balance
Canal, 2*	8,923.5	8,983.0	250,929.0
EUA Total	8,923.5	8,983.0	250,929.0

* SO₂ Allowances based on EUA/Montaup Electric Company 50% ownership of Canal Unit 2

Ozone Transport Commission (OTC) Regional NO_x Budgets (MOU Phase II)

NO _x Budget Seasonal Allowance Allocations, 1999-2002 (May through September)		
Station	Seasonal Allocation (tons)	Notes
Canal*	2,152	Allocation is for all applicable units at Canal Station (Units 1 and 2)

* EUA/Montaup Electric Company owns 50% of Canal Unit 2, and therefore controls a portion of the NO_x Allowances; because the allocation of these allowances is not unit-specific, EUA/Montaup's share has not been set.

April 16, 1998

Schedule 1.1(a)(3)(xii)

Schedule of Capital Improvements

Unit #2	Project	Amount**
	Minor Projects - Unit 2	<u>446,000</u>
	Minor Projects - Unit 2 Common	<u>65,000</u>
	Total Blankets	<u>511,000</u>
	Total Specifics	<u>0</u>
	Total Area 2	\$511,000

**These are approximate amounts required to compete the related items. These amounts may or may not reflect the Seller's obligation with respect to these amounts.

Schedule 1.1(a)(32)

Operating Permits

1. Title V Operating Permit Application Number 4V95058 dated May 1, 1995
2. Conditional Approval 4B94178 Comprehensive Plan Application Electrostatic Precipitator Rebuild dated May 31, 1995 and June 26, 1997
3. Best Available Control Technology (BACT) Determination Unit 1 & 2 Electrostatic Precipitators (ESP) dated July 14, 1994
4. Final Approval, Standard Operating Procedures and Standard Maintenance Procedures Application No. 4B96148 Unit 1 and 2 dated March 14, 1997
5. Class A Recycle Permit Approval dated July 16, 1993
6. 310 CMR 7.22, Sulfur Dioxide Reduction Plan Approval dated March 31, 1993
7. Hazardous Waste Generator Change of Status Form dated June 7, 1993
8. Department of Public Safety Fuel Oil Storage License dated February 21, 1966 and November 5, 1980
9. Massachusetts Department of Public Safety Storage of Flammables Notification dated March 10, 1998
10. Auxiliary Boiler A and B, Comprehensive Plan Approval No. 4B95123 dated November 14, 1996
11. EPA NPDES Permit Application #MA0004928; MA State Permit #83 dated April 27, 1994
12. DEP Transmittal Form and Application for NPDES Permit dated July 12, 1997
13. EPA letter Receipt of Complete Application and NPDES Notice of Continuation of Current Permit May 19, 1994
14. NPDES Permit #MA0004928; MA State Permit #83 dated June 23, 1989
15. MGL ch. 21G Water Withdrawal Registration Renewal 42226109 dated January 1, 1998
16. Application Completeness Determination and Notice of Proposed Approval of Phase II NO_x Allowance Control Program Emission Control Plan No. 4B97070 dated February 19, 1998
17. Phase I NO_x Reasonably Available Control Technology (RACT) Emission Control Plan (ECP) No. 4B97052 dated January 23, 1998
18. Phase I NO_x Reasonably Available Control Technology (RACT) Emission Control Plan (ECP) No. 4B97052 correction dated February 10, 1998
19. Phase II Acid Rain Permit dated December 22, 1997
20. Cape Cod Commission Development of Regional Impact Decision (Unit #2 Gas Conversion) No. TR#94013 dated April 27, 1995
21. Cape Cod Commission Modification to the Development of Regional Impact Decision (Unit #2 Gas Conversion) No. MOD#95013 dated December 14, 1995

22. EPA Multisector General Stormwater Permit No. MAR05B106 dated January 20, 1998
23. The certification set forth on page (iii) of this Schedule.

Certificate of Inspection Boiler or Pressure Vessel

Description	State Number	National Board Number	Certification Expiration Date
# 2 Boiler	S39300	23521	10/30/98
# 1 Boiler	S37740	21883	9/11/98
1A Aux. Boiler	72762	25020	7/1/98
1B Aux Boiler	73105	24996	10/30/98
Fire Pump Air Water Tank		1074	11/30/99
Fire Pump House Air Tank		7037	11/30/99
Instr. Air # 1 Air Tank		51934	11/30/99
Serv. Air # 2 Air Tank		20953	11/30/99
Demin # 1 Air Tank		114731	11/30/99
Demin # 2 Air Tank		613582	11/30/99
Emerg Gen #2 Air Tank		587110	11/30/99
Polisher # 2 Air Tank		360853	11/30/99
Demin # 2 Air Tank		613623	11/30/99
Serv. Air # 1 Air Tank		14989	11/30/99
Instr Air # 2 Air Tank		20950	11/30/99
Service Air # 2		29033	4/19/98
AC System	M 43766	113009	10/30/98
AC System	M 43905	113010	10/30/98
AC System	M 43765		10/30/98
AC System	M 43910		10/30/98

Permit type	Device ID #	Date Inspected
Back Flow Prevention Device	261D05601	3/26/98

		Certificate of Use
Unit # 1 Elevator	261 P2	3/29/98
Unit # 2 Elevator	261 P3	
Stack Elevator	261 P20	2/4/99

	File Number	Call sign	Expiration date
FCC Radio License	R960726026	WNEP388	10/24/2001
FCC Radio License	R960726027	WNEP389	10/24/2001
Radio Station License	9609R159930	KZX716	11/18/2001
Radio Station License	8703386459	WNJB294	6/11/97
Mass. DEP Blanket Asbestos- Notification Application # 4098002			1998 Permit

Schedule 1.1(a)(33)

Permitted Encumbrances

Nothing To Disclose

Schedule 1.1(a)(37)

Principal Project Documents

See Attached Project Documents

SEE SEPARATE VOLUME III

Schedule 1.1(a)(47)

Speciman Title Policy

See Attached



**Fidelity National Title Insurance Company
of New York**

**2 Park Avenue
New York, NY 10016**



Commitment for Title Insurance

Fidelity National Title Insurance Company
of New York

A Stock Company

COMMITMENT FOR TITLE INSURANCE

Fidelity National Title Insurance Company of New York, a New York corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate within six (6) months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

IN WITNESS WHEREOF, Fidelity National Title Insurance Company of New York has caused its corporate name and seal to be hereunto affixed and these presents to be signed in facsimile under authority of its by-laws on the date shown in Schedule A.

By: 
President

Attest: *Charles H. Wimer*
Secretary

CONDITIONS AND STIPULATIONS

1. The term "mortgage", when used herein, shall include deed of trust, trust deed or other security instrument.
2. If the Proposed Insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the Proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien or encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named Proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, the Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the Proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. Any action or actions or rights of action that the Proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.



Fidelity National Title

INSURANCE COMPANY OF NEW YORK

Kevin T. Creedon

Vice President/Regional Counsel

COMMITMENT FOR TITLE INSURANCE

**RE: CANAL ELECTRIC COMPANY
TUPPER ROAD, FREEZER ROAD, ROUTE 6A
SANDWICH, MASSACHUSETTS
OUR FILE 98-0020-MA**

ISSUED BY :

**FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK
CONTACT PERSON: KEVIN T. CREEDON, VICE PRESIDENT/REGIONAL
COUNSEL
133 FEDERAL STREET
BOSTON, MA 02110
TELEPHONE: 617-350-8828**

**IN CONJUNCTION WITH: TITLESERV AGENCY OF NEW YORK CITY, INC.
CONTACT PERSON: ROBERT L. SIMON, ESQUIRE
SENIOR VICE PRESIDENT
9 WEST 57TH STREET
NEW YORK, NY 10019
TELEPHONE: 212-845-3100**

Fidelity National Title
INSURANCE COMPANY OF NEW YORK

File No. 98-BOS-0020MA

Schedule A

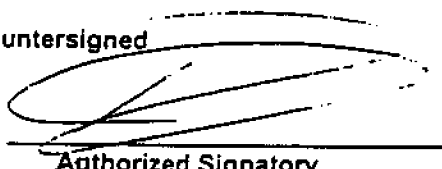
1. **Effective Date:** February 27, 1998 at 4:00 p.m.
2. **Policy or Policies to be issued:**

	Amount
(a) <u> </u> ALTA Owner's Policy - 1990	\$TO BE DETERMINED
<u> x </u> ALTA Owner's Policy - 1992 (10-17-92)	
<u> </u> ALTA Leasehold Owner's Policy - 1990	
<u> </u> ALTA Leasehold Owner's Policy - 1992 (10-17-92)	
<u> </u> Proposed Insured: TO BE DETERMINED	
(b) <u> </u> ALTA Loan Policy - 1990	\$
<u> </u> ALTA Loan Policy - 1992 (10-17-92)	
<u> </u> ALTA Leasehold Loan Policy - 1990	
<u> </u> ALTA Leasehold Loan Policy - 1992 (10-17-92)	
<u> </u> Proposed Insured: , its successors and assigns as their interest may appear	
3. **The estate or interest in the land described or referred to in this commitment and covered herein is:**
Fee Simple
4. **Title to the estate or interest in said land is at the effective date hereof vested in:**
Canal Electric Company, a Massachusetts corporation
5. **The land referred to in this Commitment is located at Town Neck Road, Tupper Road, Freezer Road, in the Town of Sandwich, County of Barnstable, State of Massachusetts, and is described as set forth in Exhibit A attached hereto and made a part hereof.**

(Continued)

Countersigned

BY


Authorized Signatory

Kevin T. Creedon

Fidelity National Title

INSURANCE COMPANY OF NEW YORK

File No. 98-BOS-0020MA

Schedule A, Item 5 continued

For title see:

- a. Certificate of Title 33180 (Parcel I);
- b. Certificate of Title 44756 (Parcel II);
- c. Certificate of Title 38811 (Parcel III);
- d. Certificate of Title 33193 (Parcel IV);
- e. Deed from Charles S. Landry, Commissioner in Partition, dated July 25, 1966, recorded at Book 1342, Page 731 (2/5th interest in Parcel V; and Deed from the United States of America, dated October 28, 1965, recorded at Book 1319, Page 1110 (3/5th interest in Parcel V);
- f. Deed from Cape & Vineyard Electric Company, dated June 30, 1964, recorded at Book 1262, Page 434 (Parcel VI);
- g. Deed from Evelyn C. Pratt, dated November 17, 1965, recorded at Book 1319, Page 1184 (Parcel VII);
- h. Deed from Dorothy B. Hart, dated June 20, 1958, recorded at Book 1064, Page 535, and deed of Cape & Vineyard Electric Company, dated June 30, 1964, recorded at Book 1262, Page 434 (Parcel VIII);
- i. Deed from Everard S. Pratt, Jr., dated May 6, 1980, recorded at Book 3095, Page 338 (Parcel IX);
- j. Deed from Leon A. Burgess, dated August 9, 1965, recorded at Book 1308, Page 134 (Parcel X);
- k. Deed from Cape & Vineyard Electric Company, recorded at Book 1262, Page 434 (Parcel XI).

Note: Recorded instruments referred to herein are recorded with the Barnstable County Registry of Deeds; and filed instruments herein are filed with the Barnstable County Registry District of the Land Court.

EXHIBIT A

PARCEL I

Being shown as Lot 2 on Land Court Plan No. 16967B, dated October 1, 1956, a copy of which is filed with the Barnstable County Registry District of the Land Court with Certificate of Title No. 19773; and

Lot 7 shown on Land Court Plan No. 14716D, dated April, 1960, a copy of which is filed with said Registry District as Document No. 25546.

PARCEL II

Being shown as a Lot on Land Court Plan No. 33200A, dated February 1, 1966 and July, 1967, a copy of which is filed with the Barnstable County Registry District of the Land Court with Certificate of Title No. 44756.

Together with a right of way appurtenant to that portion of the above described premises which was included within the area of the 16 acre parcel owned by Joseph H. Pope, Sr. in 1848 and described in a Deed of Lemuel B. Nye, et al, to Thomas Pope, dated April 30, 1835, recorded with said Deeds, Book 27, Page 266, which appurtenant right of way is within the limits of the railroad crossing as shown on Plan No. 33200-A and is ten feet in width with its west line coinciding with the west line of the travelled way over the said crossing as delineated by the dotted lines on said Plan No. 33200-A and the said right of way is to be used for the purpose of vehicular travel.

PARCEL III

Being shown as a Lot on Land Court Plan No. 33312A, dated September 1, 1964 and July 1, 1966, a copy of which is filed with said Registry District with Certificate of Title No. 38811.

Together with the benefit of rights and easements set forth in a grant by the Secretary of the Army to Cape & Vineyard Electric Company, dated November 17, 1961, recorded with said Deeds, Book 1138, Page 299.

PARCEL IV

Lot 2 shown on Land Court Plan No. 26823C, filed with Certificate of Title No. 33193.

Excepting and excluding from the above described premises as lot marked "Anastasia F. Powers" on said Plan.

PARCEL V

A certain parcel of land situated in the Town of Sandwich, Barnstable County, Commonwealth of Massachusetts, and bounded and described as follows:

Beginning in the Southerly line of the Old Colony Railroad about 573 feet Easterly from the division line between the Towns of Sandwich and Bourne;

Thence by said Southerly line Southeasterly about 333 feet and Southwesterly about 0.46 feet to land now or formerly of Leon A. Burgess;

Thence Southwesterly by land now or formerly of Leon A. Burgess about 176 feet to land now or formerly of Cape and Vineyard Co;

Thence Northwesterly, by land now or formerly of Cape and Vineyard Co., about 27¹/₄ feet to a corner and continuing by said Cape and Vineyard Co. land Northeasterly about 128 feet to the land of Old Colony Railroad;

Thence Northeasterly, by land of the Old Colony Railroad, about 3.47 feet to the point of beginning.

Containing 1.05 acres, more or less.

The above-described parcel of land is shown on a plan of the Department of the Army, at the office of the Division Engineer, New England Division, at Waltham, Massachusetts, dated March 1952, Sheet 1 of 2, Drawing Number NED-PA-886 - Real Estate - Cape Cod Canal.

PARCEL VI

the following parcels of land with buildings thereon, if any.

1. The parcel of land in Sandwich acquired by the grantor by deed of Dorothy Hart, being one of three parcels described in said deed and designated therein as PARCEL 1, dated June 20, 1958, and recorded with Barnstable County Registry of Deeds, Book 1064, Page 535.
2. The parcel of land in Sandwich acquired by the grantor by deed of Dorothy Hart, dated November 3, 1958, and recorded with Barnstable County Registry of Deeds, Book 1064, Page 541.
3. The parcel of land in Sandwich acquired by the grantor by deed of Clinton Cahoon and Hazel F. Cahoon, dated April 13, 1962, and recorded with Barnstable County Registry of Deeds, Book 1153, Page 193. This conveyance is subject to a lease agreement and to the option provision contained therein, dated June 1, 1963, expiring on May 31, 1968, between the grantor and Clarence B. Myatt of Quincy, Massachusetts.
4. The parcel of land in Sandwich acquired by the grantor by deed of Dorothy Hart, dated November 3, 1958, and recorded with Barnstable County Registry of Deeds, Book 1064, Page 544.
5. The parcel of land in Sandwich acquired by the grantor by deed of Dorothy Hart, dated November 3, 1958, and recorded with Barnstable County Registry of Deeds, Book 1064, Page 542.
6. The parcel of land in Sandwich acquired by the grantor by deed of Dorothy Hart, dated May 19, 1959, and recorded with Barnstable County Registry of Deeds, Book 1064, Page 545.
7. The three (3) parcels of land in Sandwich acquired by the grantor by deed of The New York, New Haven and Hartford Railroad Company, dated October 19, 1960, and recorded with Barnstable County Registry of Deeds, Book 1096, Page 500, subject to crossing rights, drainage rights and other conditions and obligations set forth in said deed.
8. The parcel of land in Sandwich acquired by the grantor by deed of Albert Roberti, et al, dated October 6, 1960, and recorded with Barnstable County Registry of Deeds, Book 1093, Page 217.
9. The two (2) parcels of land in Sandwich acquired by the grantor by deed of the United States of America, acting by and through the Administrator of General Services, dated May 11, 1960, being described as "Portion of Tract No. XI" and "Portion of Tract No. XIII" in said deed, and recorded with Barnstable County Registry of Deeds, Book 1088, Page 547, subject to the provisions, exceptions, reservations and conditions contained in said deed; together with the several easements granted by the Secretary of the Army, acting under authority of Title #10, United States Code, Sections 2668 and 2669, and the Act of 27 May 1952 (66 Stat. 95; 43 U.S.C. 961) to Cape & Vineyard Electric Company, by easement dated November 17, 1961, subject to the terms, provisions and conditions of said easement, and recorded with the Barnstable County Registry of Deeds, Book 1138, Page 299.
10. The parcel of land in Sandwich acquired by the grantor by deed of Dorothy Hart, dated June 8, 1959, and recorded with Barnstable County Registry of Deeds, Book 1064, Page 547.

PARCEL VII

Parcel 5A is shown on a plan entitled "Plymouth County Electric Company, Property Plat Showing Land of Evelyn C. Pratt, Sandwich, Barnstable County, Mass.", Prepared by Walter E. Rowley & Assoc., dated September 27, 1965, recorded with said Deeds, Plan Book 198, Plan 69.

PARCEL VIII

Parcel 6 is shown on a plan entitled "Plan of Land in Sandwich, Mass. to be Conveyed by Evelyn C. Pratt", dated June, 1958, by Schofield Brothers, Civil Engineers, recorded with said Deeds, Plan Book 142, Page 87.

PARCEL IX

Parcel 40 is described in the Deed at Book 3095, Page 338 as a lot containing 11.5 acres.

PARCEL X

Parcels marked "Area = 5.754 Acres \pm " and "Area = 1.33 Acres \pm " on a plan entitled "Plan of Land of Leon A. Burgess in Sandwich, Mass. to be Conveyed to Plymouth County Electric Co., by Schofield Brothers, Registered Civil Engineers & Land Surveyors, recorded with said Deeds, Plan Book 195, Page 125.

PARCEL XI

-- Parcel marked "Area = 2.696 Acres \pm " on a plan entitled "Plan of Land in Sandwich, Mass. to be Conveyed by Clinton Cahoon, et ux (Hazel F.) to Dorothy B. Hart", dated November, 1958, by Schofield Brothers, Civil Engineers & Land Surveyors, recorded with said Deeds, Plan Book 144, Page 87.

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SCHEDULE B I
(Requirements)

The following are the requirements to be complied with:

Item (a) Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Item (b) Proper instrument(s) creating the estate or interest to be insured must be executed and fully filed for record to-wit:

1. Duly authorized and executed Deed from Canal Electric Company, a Massachusetts corporation to TO BE DETERMINED.
2. Certificate stating that the officers executing the deed in the name of the Corporation are the incumbent officers and as such are empowered by the Articles of Organization to convey the insured premises. Said certificate to be recorded.
3. If this transaction constitutes a sale of all or substantially all of the Corporation's assets located within the Commonwealth of Massachusetts, provide:
 - a. waiver of the corporate excise tax lien from the Department of Revenue of the Commonwealth of Massachusetts; and
 - b. certificate of vote of two-thirds of the shareholders of the Corporation authorizing the sale.
4. Record new subdivision plan.
5. Provide affidavit as to possession from an officer of Canal Electric Company concerning open, notorious use and possession of the entire premises for a period in excess of twenty years.
6. Provide satisfactory affidavit as to parties in possession and mechanics liens (for deletion of parties in possession and mechanics liens exceptions).
7. Provide satisfactory survey and surveyor's report (for deletion of survey exception).
8. Remittance of title insurance premium and all title certification and related charges and expenses.
9. The Company may make other requirements or exceptions upon its review of the proposed documents creating the estate or interest to be insured or otherwise ascertaining the details of the transaction.
10. Discharge and/or termination of the following loan documents:
 - a. Indenture of Trust and First Mortgage from Canal Electric Company to State Street Bank and Trust Company, dated October 1, 1968, filed as Document No. 124933, as affected by a First Supplemental Indenture, dated September 1, 1976, filed as Document No. 211821. (Affects Parcels I and II)

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- b. First General Mortgage Indenture between Canal Electric Company and Citibank, N.A., dated September 1, 1976, filed as Document No. 211822, recorded at Book 2397, Page 63, as affected by a Second Supplemental Indenture, dated December 1, 1983, filed as Document No. 326661, recorded at Book 3972, Page 240, as further affected by a Third Supplemental Indenture, dated December 1, 1990, filed as Document No. 519010, recorded at Book 7385, Page 50, as affected by a Fourth Supplemental Indenture, dated December 1, 1990, filed as Document No. 519011, recorded at Book 7385, Page 69. (Affects Parcels I, II, III, IV, V and VI).
 - c. Notice of Contract by Inland Waters Pollution Control, Inc., filed as Document No. 709197, as affected by a Statement of Claim, filed as Document No. 709198, as affected by a Complaint filed as Document No. 717093.
 - D. UCC-1 Financing Statement from Canal Electric Company to Citibank, N.A., as Trustee, recorded at Book 2397, Page 257, as affected by Continuation Statement recorded at Book 3354, Page 282, as affected by an Amendment recorded at Book 3354, Page 284, as further affected by an Amendment recorded at Book 3972, Page 262, and as further affected by an Amendment recorded at Book 7385, Page 90.
10. Obtain, record and file a termination of a Notice of Lease and Grant of Rights to Use from Canal Electric Company to Montaup Electric Company and Canal Electric company, as tenants in common, lessees, dated October 14, 1975, recorded at Book 2394, Page 293, filed as Document No. 211716.
11. Record on the unregistered side a certificate of name change for Plymouth County electric Company to Canal Electric Company.

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Schedule B II
(Exceptions)

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the Proposed Insured acquired for value of record the estate or interest or mortgage thereon covered by this Commitment.
 2. Rights or claims of parties in possession.
 3. Easements or claims of easements not shown by the public records, boundary-line disputes, overlaps, encroachments and any matters not of record which would be disclosed by an accurate survey and inspection of the premises.
 4. Any lien, or right to a lien, for services, labor or materials heretofore or hereafter furnished, imposed by law and not shown by the public records.
 5. Such matters as would be disclosed by a current certificate of municipal liens.
- Note (i): Items 2 and 4 will be deleted upon receipt of a satisfactory affidavit as to parties in possession and mechanics' liens. Item 3 will be deleted upon receipt of a satisfactory survey and surveyor's report. Item 5 to be revised upon receipt of certificate of municipal liens.
6. Rights of the public in and to those portions of the insured premises as lies below the mean high water mark of Cape Cod Bay and the Cape Cod Canal.

THE FOLLOWING ITEMS 7 - 10 AFFECT PARCELS I AND II:

7. Irrevocable License by the Department of Public Works No. 4968, filed as Document No. 107143 and recorded in Book 1312, Page 343.
8. Irrevocable License by the Commonwealth of Massachusetts, Department of Public Works No. 5107, filed as Document No. 109716 and recorded in Book 1355, Page 404.
9. Rights and easements in terms of a lease dated June 13, 1966, between Richard Joyce Smith, et al, Trustees of The New York, New Haven and Hartford Railroad Company, debtor, and Canal Electric Company, notice of which was recorded on August 2, 1966 in Book 1342, Page 1154; in the terms of a lease dated June 13, 1966, between Richard Joyce Smith, et al, Trustees of The New York, New Haven and Hartford Railroad Company, debtor, and Canal Electric Company, notice of which was recorded on August 2, 1966 in Book 1342, Page 1155; in the terms of a lease dated June 15, 1966 between Richard Joyce Smith, et al, Trustees of The New York, New Haven and Hartford Railroad Company, debtor, and Canal Electric Company, notice of which was duly recorded on August 2, 1966 in Book 1342, Page 1153; in terms of a lease dated February 6, 1967 between Richard Joyce Smith, et al, Trustees of The New York, New Haven and Hartford Railroad Company, debtor, and Canal Electric Company, notice of which was

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duly recorded on April 4, 1967 in Book 1361, Page 716; in the terms of an indenture of lease, dated June 2, 1967 between Canal Electric Company and Nepco Terminal, Inc., notice of which was recorded on June 5, 1967 in Book 1367, Page 1069 and filed as Document No. 112777, as affected by a Termination of Lease filed as Document No. 244792 (not noted on the Certificate), as affected by an assignment and agreement between said Nepco Terminal, Inc. and The First National Bank of Boston, dated June 2, 1967, recorded in Book 1368, Page 113 and filed as Document No. 112779; and in the terms of a lease dated May 5, 1967 between Richard Joyce Smith, et al, Trustees of The New York, New Haven and Hartford Railroad Company, debtor, and Canal Electric Company, notice of which was recorded on June 20, 1967 in Book 1369, Page 524.

Note: Although excluded from coverage, the following item 10 is noted for informational purposes:

10. Order of Conditions by the Commonwealth of Massachusetts Department of Natural Resources filed as Document No. 114336.

THE FOLLOWING ITEMS 11 - 21 AFFECT PARCEL I ONLY:

11. Lot 2 is subject to the following:
 - a. So much of the Lot as is included within the limits of the road 30 feet wide is subject to easements for highway purposes in favor of the public and of all persons entitled thereto.
 - b. Easements and Rights set forth in Certificate of Title No. 15898, insofar as the same are in force and applicable
 12. Lot 7 is subject to the following:
 - a. Rights to use and maintain drains running across the same into the Canal as shown on the above mentioned plan, insofar as the same is in force and applicable.
 - b. Reservations and conditions set forth in Document No. 66059.
 13. Twenty-eight (28) foot wide easement shown on Land Court Plan No. 14716E.
 14. Easement set forth in a grant, dated February 11, 1939, filed as Document No. 11471.
 15. Easement set forth in a grant, dated November 17, 1961, filed as Document No. 73821.
 16. Order of Taking by the Town of Sandwich for the layout of Town Neck Road and Coast Guard Road, filed as Document No. 87318, as affected by a Certificate of Entry, filed as Document No. 87595.
 17. Easement to Plymouth County Electric Company, dated October 7, 1965, filed as Document No. 107144.
 18. Amendment to Easement, filed as Document No. 112121.
- Note: Although excluded from coverage, the following items 19-21 are noted for informational purposes:
19. Permit by the Commonwealth of Massachusetts Department of Public Works, filed as Document No.

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107145.

20. Order of Conditions by the Sandwich Conservation Commission affecting Lot 7, filed as Document No. 377709, as affected by a Certificate of Compliance filed as Document No. 411595.
21. Order of Conditions by the Town of Sandwich Conservation Commission, filed as Document No. 639098, affecting Lot 7, as affected by a Certificate of Compliance filed as Document No. 678074.

THE FOLLOWING ITEMS 22-36 AFFECT PARCEL II ONLY:

22. Restrictions and easements set forth in a Deed given by Cape & Vineyard Electric Company to Plymouth County Electric Company dated June 30, 1964, recorded in Book 1262, Page 434.
 23. Rights and easements set forth in a grant made by the Secretary of the Army to Cape & Vineyard Electric Company, dated November 17, 1961, recorded in Book 1138, Page 299, as amended by instrument dated March 7, 1967, recorded in Book 1365, Page 340.
 24. Easement set forth in a grant made by United Cape Cod Cranberry Co. to the Cape and Vineyard Electric Company, dated May 10, 1960, recorded in Book 1138, Page 309, except as to the spur track easement.
 25. Rights which may exist at date of original decree by reason of the existence of the spur tracks shown on the above mentioned plan.
 26. So much of the above described land as is included within the limits of the way at the northwest corner, approximately shown on said plan, subject to the rights of all persons lawfully entitled thereto in and over the same.
 27. Rights and easements as set forth in a grant made by The United States of America to Cape & Vineyard Electric Company, dated May 11, 1960, recorded in Book 1088, Page 547.
 28. Rights legally existing at date of original decree in the area marked "United States Coast Guard Range Light", as shown on Land Court Plan 33200A.
 29. Irrevocable License by the Commonwealth of Massachusetts Department of Public Works, filed as Document No. 185278.
 30. Irrevocable License by the Commonwealth of Massachusetts Department of Public Works, filed as Document No. 189017.
 31. Amendment to Easement from the Department of Army, filed as Document No. 189775.
- Note: Although excluded from coverage, the following items 32-36 are noted for informational purposes:
32. Notice of Variance by the Town of Sandwich, dated January 20, 1971, filed as Document No. 144988.
 33. Permit by the Commonwealth of Massachusetts Department of Natural Resources, filed as Document No. 168281.

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34. Permit by the Department of Army, filed as Document No. 189153.
35. Order of Conditions by the Sandwich Conservation Commission, filed as Document No. 314313, as affected by a Certificate of Compliance, filed as Document No. 326200.
36. Order of Conditions by the Sandwich Conservation Commission, filed as Document No. 637707, as affected by a Certificate of Compliance, filed as Document No. 652148.

THE FOLLOWING ITEMS 37-38 AFFECT PARCEL III ONLY:

37. Rights and easements set forth in a grant by the Secretary of the Army to Cape & Vineyard Electric Company, dated November 17, 1961 and recorded in Book 1138, Page 299.
38. Stipulation with the New York, New Haven and Hartford Railroad Company, filed with the papers in Land Court Case No. 38811 on August 27, 1965, filed as Document No. 108445.

THE FOLLOWING ITEM 39 AFFECTS PARCEL IV ONLY:

39. So much of Lot 2 shown on Land Court Plan No. 26823C, filed with Certificate of Title No. 33193 as is included within the limits of a forty (40) foot wide way shown on said plan, is subject to a right of way reserved in a Grant by Joseph S. Murphy, dated July 3, 1956, recorded in Book 945, Page 525, as affected by Reservation and Release to Cape & Vineyard Electric Company, dated November 29, 1962, filed as Document No. 78361.

THE FOLLOWING ITEM 40 AFFECTS PARCELS V and VI ONLY, AND BEING EXCLUDED FROM COVERAGE, IS NOTED FOR INFORMATIONAL PURPOSES ONLY:

40. Order under M.G.L. c. 130, s. 105, by the Department of Environmental Management, dated March 18, 1990, recorded at Book 3097, Page 56, as affected by Correction, recorded at Book 3303, Page 187.

THE FOLLOWING ITEM 41 AFFECTS PARCEL XI ONLY:

41. Drainage ditches shown on a plan entitled "Plan of Land in Sandwich, Mass. to be Conveyed by Clinton Cahoon, et ux (Hazel F.) to Dorothy B. Hart", dated November, 1958 by Schofield Brothers, Civil Engineers and Land Surveyors, recorded in Plan Book 144, Page 87.
42. Utility pole line shown on plan recorded in Plan Book 142, Plan 87 (affects Parcel VIII).
43. Taking of Tupper Road, by the Barnstable County Commissioners, recorded at Book 695, Page 406 (affects Parcel VII).

THE FOLLOWING ITEMS 44 - 50 ARE IMPOSSIBLE FOR US TO DETERMINE WHICH PARCELS, IF ANY, THEY AFFECT (SURVEYOR TO CHECK):

44. Irrevocable License issued by the Department of Environmental Protection, (No. 2557), recorded at Book 7471, Page 208.

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INSURANCE COMPANY OF NEW YORK

File No. 98-BOS-0020MA

45. Permit by the Department of the Army, recorded at Book 3052, Page 309.

Note: Although excluded from coverage, the following items 47-50 are noted for informational purposes:

46. Order of Conditions by the Sandwich Conservation Commission, recorded at Book 6784, Page 146.

47. Order of conditions by the Sandwich Conservation Commission, recorded at Book 7252, Page 189, as affected by Certificate of Compliance, recorded at Book 8206, Page 251.

48. Decision of the Cape Cod Commission, recorded at Book 9691, Page 93, relative to a natural gas pipeline running under the canal, as affected by an amendment recorded at Book 10018, Page 275.

49. Order of Conditions issued by the Sandwich Conservation Commission, recorded at Book 2888, Page 278.

50. Order of Conditions by the Massachusetts Department of Natural Resources, recorded at Book 1374, Page 205.

THERE ARE THREE MORE SMALL PARCELS WHICH NEED TO BE EXAMINED AND ADDED TO THIS COMMITMENT.

Schedule 2.2(d)

Certain Excluded Transmission, Distribution,
Substation and Communication Facilities

See Attached Listing of Switchyard Facilities*

* All dollar amounts in the attached materials may or may not reflect the Seller's interest in the described property and should be disregarded.

Attachment A

Listing of Switchyard Related Facilities

April 1, 1998

FUNCTIONAL DIVISION		LOCATION ID	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	AS OF DECEMBER 31, 1997			
								GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
14		400	31051	0001			APPROXIMATELY 40 ACRES LAND	\$1,060,194.00	\$1,060,194.00	\$0.00	\$1,060,194.00
							ACCOUNT TOTAL				
12		180	31151	0212	7	78	20FTX8FT GATE-ENTRANCE SWYD	1,023.34	1,023.34	040.00	180.34
							ACCOUNT TOTAL				
11		180	31551	3025	F	88	22KV TRANSMISSION LINE	2,411.44	2,411.44	1,987.00	424.44
							ACCOUNT TOTAL				
14		180	35081	0001		88	6.2 ACRES LAND	7,480.42	7,480.42	0.00	7,480.42
							ACCOUNT TOTAL				
15		180	35261	0012		78	20FTX21FTX10FT METAL BUILDING	3,882.58			
15		181	35261	0013		72	ADDITION TO RELAY HOUSE	3,600.81			
15		181	35261	0013		73	ADD CHGS TO ADDITION RELAY HSE	1,340.77			
15		181	35261	0013		75	ADD CHGS-INST 22KV LINE	804.35			
15		181	35261	0013		78	ADDITION TO RELAY HOUSE	2,940.21			
14		181	35261	0018		88	RELAY HOUSE SUBSTRUCTURE	4,809.84			
14		181	35261	0020		88	RELAY HOUSE SUPERSTRUCTURE	6,767.77			
14		181	35261	0028		88	HOLLOW METAL DOOR WITH FRAME	185.71			
14		181	35261	0062	2	88	DISTRIBUTION PANEL FOR LIGHTING	1,050.44			
14		181	35201	0062	3	88	TRNF SWITCH-FEED PWR IN PLANT	289.77			
14		181	35261	0062	4	88	TRNF SWITCH-FEED PWR IN PLANT	289.77			
14		181	35261	0062	5	88	TRNF SWITCH-FEED PWR IN PLANT	289.77			
14		181	35281	0082	6	88	STARTING SWITCH FOR WELL PUMP	289.78			
14		181	35261	0084	1	88	LIGHT FIXTURE	209.20			
14		181	35261	0084	2	88	LIGHT FIXTURE	209.21			
14		181	35261	0084	3	88	LIGHT FIXTURE	209.21			
14		181	35281	0084	4	88	LIGHT FIXTURE	209.21			
14		181	35281	0076	1	88	CHROMALOX ELEC HEATER LUH-50	557.15			
14		181	35281	0078	2	88	CHROMALOX ELEC HEATER LUH-50	557.18			
14		181	35261	0078	A	88	DISTRIBUTION PANEL FOR HEATING	1,050.45			
14		180	35261	0201		88	1088 SQ YDS OF ROADWAYS	3,321.05			
14		180	35261	0203		88	LAND SURFACING & GRADING 5 ACRE	133,747.05			
15		180	35261	0203		72	CLEAR & GRADE FOR RELAY HOUSE	20,918.91			
15		180	35261	0203		73	ADDL CHRG8 GRADE FOR RELAY HSE	7,093.98			
15		180	35281	0203	A	78	BLACKTOP SWYD 8TOR BLDG ENTRY	25.00			
14		180	35281	0207	1	88	1358 FT ALUM CONDUIT	1,947.13			
14		180	35281	0207	2	88	24 FLOODLIGHTS	3,819.98			
14		180	35281	0207	3	88	11 ALUM BRACKET ARMS	790.52			
14		180	35281	0207	4	88	AUTO TRANSF LIGHT FIXTURE	363.37			
14		180	35261	0212		88	1580 FT OF CHAIN LEAK FENCE	7,683.77			
							ACCOUNT TOTAL		200,328.70	223,484.00	114,152.70

				AS OF DECEMBER 31, 1997						
FUNCTIONAL DIVISION	LOCATION LD	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
14	180	35361	0016		68	EQUIPMENT FOOTINGS	40,739.79			
15	180	35361	0018		72	EQUIPMENT FOOTINGS	20,840.12			
15	180	35361	0018		73	ADD'L CHG TO 1972	10,208.61			
15	180	35361	0016		76	ADD'L CHARGE TO 1972	8,044.68			
15	180	35361	0016		92	FOUNDATIONS	6,600.89			
14	180	35361	0016	A	70	579CU.FT. CAPACITOR FOUNDATION	5,585.38			
14	180	35361	0018	B	70	33CU.FT. VERT. TAP ANCHOR FOUND	300.29			
14	180	35361	0016	C	70	190CU.FT BACKBONE STRUC. FOUND	1,831.76			
14	180	35361	0018	D	70	428CU.FT BACKBONE STRUC. FOUND	4,143.90			
14	180	35361	0016	E	70	555CU.FT DISCONR. SWITCH. FOUND	5,375.17			
14	180	35361	0018	F	70	472CU.FT OCB FOUNDATIONS	4,504.39			
14	180	35361	0018	G	70	69X2X2FT CABLE TRENCH	8,227.93			
15	180	35361	0016	AAA	76	EQUIPMENT FOOTING 115KV	8,418.97			
15	180	35361	0016	CCC	76	EQUIPMENT FOOTING	969.48			
15	180	35361	0018	FNDH	91	FOUNDATION	5,501.03			
14	180	35361	0020		68	43.4 TONS STRUC. STEEL	75,000.00			
15	180	35361	0020		72	91 TONS GALV STEEL 6TRUC 6STEEL	30,882.60			
15	180	35361	0020		73	ADD'L CHG TO 1972	24,377.18			
14	180	35361	0020	EE	76	ADD'L CHARGE TO 1972	13,577.74			
14	180	35361	0020	FF	68	MISC. SUPPORTS STEEL	4,352.63			
15	180	35361	0020	BBB	72	STRUCTURAL STEEL-SWITCHYARD	100,989.06			
15	180	35361	0020	BBB	73	MISCELLANEOUS SUPPORTS	485.40			
15	180	35361	0020	BBB	76	ADD'L CHG TO 1972	383.15			
15	180	35361	0090		72	ADD'L CHARGE TO 1972	212.62			
15	180	35361	0090		72	FRE BARRIERS	1,120.15			
15	180	35361	0090		73	ADD'L CHG TO 1972	884.19			
14	180	35361	0080		76	ADD'L CHARGE TO 1972	490.67			
14	180	35361	0285		68	SOUND BARRIER WALL AUTO TRANSF	11,987.13			
14	180	35361	0285		73	SOUND BARRIER WALL-AUTO TRANSF	17,985.00			
14	180	35361	0285		74	ADDITIONAL CHARGE TO 1973	702.50			
15	180	35361	0285	AH	72	SOUND BARRIER WALL AUTO TRANSF	12,358.00			
15	180	35361	0285	AH	73	ADD'L CHG TO 1972	9,755.59			
15	180	35361	0285	AH	76	ADD'L CHARGE TO 1972	5,413.71			
15	180	35361	1000	S	77	ADDITIONAL CHARGES	(3,702.00)			
14	181	35361	1765	RCDR	86	RECORDER DIGITAL FAULT	51,931.10			
15	180	35361	3012	CBL1	81	CONTROL CABLE-1 2/O #104100	2,009.61			
15	180	35361	3012	CBL2	91	CONTROL CABLE-4/C#10,1500'	1,258.00			
15	180	35361	3012	CBL3	91	CONTROL CABLE-7/C#12,1000'	502.40			
15	180	35361	3012	CNDT	81	CONDUIT-2" PVC 250'	1,258.00			
15	180	35361	3012	COND	91	CONDUCTORS, INSULATORS, CONNECTR	6,733.55			
15	180	35361	3012	COND	92	CONDUCTORS, INSULATORS, CONNECTR	2,844.88			
11	180	35361	3012	COPP	88	BUSWORK	19.34			

AS OF DECEMBER 31, 1997												
FUNCTIONAL DIVISION		LOCATION	PLANT ACCOUNT	UNIT	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE	
14	180	35361	3012	COPP	86		BUSWORK COPR CONCTRS/EQUIP	1,477.60				
15	180	35361	3015		78		25-115KV POST INSULATORS	2,687.73				
14	180	35361	3015	A	68		1704 10IN PORC SUSP INSUL W/C	20,328.31				
14	180	35361	3015	B	68		27 POST INSULATORS W/INST.COST	20,791.08				
15	180	35361	3015	B	72		30-345KV POST INSULATORS	1,939.36				
15	180	35361	3015	B	73		ADD'L CHG TO 1972	1,530.83				
15	180	35361	3015	B	76		ADD'L CHARGE TO 1972	849.51				
14	180	35361	3015	N	70		12 STATION POST INSULATORS	3,687.27				
15	180	35361	3015	DD	72		60-345KVA POST INSULATORS	3,885.43				
15	180	35361	3015	DD	73		ADD'L CHG TO 1972	3,068.97				
15	180	35361	3015	DD	76		ADD'L CHARGE TO 1972	1,701.97				
14	180	35361	3015	KK	70		36-345KV STA. POST INSULATORS	11,384.15				
14	180	35361	3020	I	68		POTENTIAL TRANSF. 115KV APT500	3,800.79				
14	180	35361	3020	J	68		POTENTIAL TRANSF. 115KV APT500	3,800.79				
14	180	35361	3020	K	68		POTENTIAL TRANSF. 22KV ESI50	2,228.80				
14	180	35361	3020	L	68		POTENTIAL TRANSF. 22KV ESI50	2,228.78				
14	180	35361	3020	UU	70		345KV COUPLING CAPACITOR	4,348.36				
14	180	35361	3020	VV	70		345KV COUPLING CAPACITOR	4,346.36				
14	180	35361	3020	WW	70		345KV COUPLING CAPACITOR	4,346.37				
14	180	35361	3020	116C	68		115KV POTENTIAL DEVICE	5,760.19				
14	180	35361	3020	346C	68		345KV POTENTIAL DEVICE	9,247.58				
14	180	35361	3020	34SN	68		345KV POTENTIAL DEVICE	5,408.79				
14	180	35361	3020	34ST	68		345KV POTENTIAL DEVICE	9,050.18				
14	180	35361	3020	35ST	68		345KV POTENTIAL DEVICE	9,059.17				
14	180	35361	3025		68		1850FT 300MCM CABLE	7,818.10				
15	180	35361	3025	C	72		3500FT-300MCM ALUM CABLE	1,353.89				
15	180	35361	3025	C	73		ADD'L CHG TO 1972	1,068.80				
15	180	35361	3025	C	76		ADD'L CHARGE TO 1972	583.06				
15	180	35361	3025	D	72		7500FT-48 STRAND CABLE	1,270.63				
15	180	35361	3025	D	73		ADD'L CHG TO 1972	1,002.97				
15	180	35361	3025	D	76		ADD'L CHARGE TO 1972	556.58				
15	180	35361	3025	E	72		3980FT-#12 3/C CABLE	287.51				
15	180	35361	3025	E	73		ADD'L CHG TO 1972	226.94				
15	180	35361	3025	E	76		ADD'L CHARGE TO 1972	125.94				
15	180	35361	3025	F	72		3500FT-#12 2/C CABLE	221.79				
15	180	35361	3025	F	73		ADD'L CHG TO 1972	175.07				
15	180	35361	3025	F	76		ADD'L CHARGE TO 1972	97.15				
15	180	35361	3025	G	72		19000FT-#8 4/C CABLE	1,673.51				
15	180	35361	3025	G	73		ADD'L CHG TO 1972	1,320.98				
15	180	35361	3025	G	76		ADD'L CHARGE TO 1972	733.06				
15	180	35361	3025	H	72		2075FT-#8 3/C CABLE	191.55				
15	180	35361	3025	H	73		ADD'L CHG TO 1972	151.20				
15	180	35361	3025	H	76		ADD'L CHARGE TO 1972	83.90				

AS OF DECEMBER 31, 1997										
FUNCTIONAL DIVISION	LOCATION LD.	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	GROSS	ACCOUNT	DEPRECIATION	BOOK
							INVESTMENT	TOTALS	RESERVE	BALANCE
15	180	35361	3025	I	72	4045FT-#8 2/C CABLE	349.11			
15	180	35361	3025	I	73	ADD'L CHG TO 1972	275.57			
15	180	35361	3025	J	76	ADD'L CHARGE TO 1972	152.93			
15	180	35361	3025	J	72	11000FT-#4 4/C CABLE	2,076.76			
15	180	35361	3025	J	73	ADD'L CHG TO 1972	1,639.29			
15	180	35361	3025	J	70	ADD'L CHARGE TO 1972	909.70			
14	180	35361	3025	K	70	3035FT. #8 TRIPLEX CONDUCTOR	1,042.41			
15	180	35361	3025	K	72	1500FT-#4 2/C CABLE	217.68			
15	180	35361	3025	K	73	ADD'L CHG TO 1972	171.83			
15	180	35361	3025	K	76	ADD'L CHARGE TO 1972	95.35			
15	180	35361	3025	L	72	2500FT-#2 3/C CABLE	474.94			
15	180	35361	3025	L	73	ADD'L CHG TO 1972	374.90			
15	180	35361	3025	L	76	ADD'L CHARGE TO 1972	208.05			
15	180	35361	3025	M	72	5475FT-#12 12/C WIRE	967.81			
15	180	35361	3025	M	73	ADD'L CHG TO 1972	763.94			
15	180	35361	3025	M	76	ADD'L CHARGE TO 1972	423.94			
15	180	35361	3025	N	72	7000FT-#12 7/C WIRE	786.35			
15	180	35361	3025	N	73	ADD'L CHG TO 1972	620.70			
15	180	35361	3025	N	76	ADD'L CHARGE TO 1972	344.45			
15	180	35361	3025	O	72	3000FT-#12 5/C WIRE	282.28			
15	180	35361	3025	O	73	ADD'L CHG TO 1972	222.81			
15	180	35361	3025	O	76	ADD'L CHARGE TO 1972	123.65			
15	180	35361	3025	P	72	5480FT-#12 3/C WIRE	158.32			
15	180	35361	3025	P	73	ADD'L CHG TO 1972	124.86			
15	180	35361	3025	P	76	ADD'L CHARGE TO 1972	60.35			
15	180	35361	3025	Q	72	2000FT-#10 WIRE	20.18			
15	180	35361	3025	Q	73	ADD'L CHG TO 1972	15.90			
15	180	35361	3025	Q	76	ADD'L CHARGE TO 1972	8.83			
15	180	35361	3025	R	72	132FT-#20 2/C WIRE	138.53			
15	180	35361	3025	R	73	ADD'L CHG TO 1972	109.34			
15	180	35361	3025	R	76	ADD'L CHARGE TO 1972	00.68			
14	181	35361	3025	BB	68	1834FT TRS05 CABLE	598.11			
14	180	35361	3025	DD	70	1170FT 500MCM COPPER WIRE	1,708.72			
15	180	35361	3025	COND	92	CONDUCTORS & HARDWARE	5,104.67			
15	180	35361	3025	#10	92	CONTROL CABLE 12/C 10-1350'	3,686.27			
15	180	35361	3025	#104	92	CONTROL CABLE 4/C -900'	1,843.13			
15	180	35361	3025	#6	92	CONTROL CABLE 2/C-#8-450'	1,843.13			
15	180	35361	3045		92	1 CIRCUIT BREAKER	3,423.91			
15	180	35361	3045		93	FURNIS 1 AIR COMPRESSOR PKG	11,947.58			
15	180	35361	3045	D	76	34.5KV/2000A OIL CIRCUIT BRKR	8,583.97			
14	180	35361	3045	M	68	CIR BRKR GE 22KV 225A 2 POLE	557.28			
14	180	35361	3045	N	68	CIR BRKR GE 115KV 225A 2 POLE	557.28			
14	180	35361	3045	O	68	CIR BRKR GE 345KV 225A 2 POLE	557.28			

FUNCTIONAL LOCATION		FLIGHT ACCOUNT		UNIT NUMBER		SERIAL NUMBER		VOLTAGE YEAR		PROPERTY DESCRIPTION		GROSS INVESTMENT	ACCOUNT TOTAL	DEPRECIATION RESERVE	BOOK BALANCE
DISPATCH	LD.														
15	180	35361		3050	RR	72				CONTROL RELAY PANEL		1,052.01			
15	180	35361		3050	RR	73				ADD'L CHG TO 1972		830.40			
15	180	35361		3050	RR	76				ADD'L CHARGE TO 1972		460.82			
15	180	35361		3050	SS	72				CONTROL RELAY PANEL		1,052.01			
15	180	35361		3050	SS	73				ADD'L CHG TO 1972		830.40			
15	180	35361		3050	SS	78				ADD'L CHARGE TO 1972		460.82			
15	180	35361		3050	ZZ	72				17 CONDITIONER CARD SETS		1,543.57			
15	180	35361		3050	ZZ	73				ADD'L CHG TO 1972		1,218.42			
15	180	35361		3050	ZZ	76				ADD'L CHARGE TO 1972		676.14			
15	180	35361		3050	ROEV	92				12 RELAYING DEVICES		13,428.17			
14	180	35361		3065	RELA	91				RELAY DEVICES & CONTROL WIRING		5,382.94			
14	180	35361		3065		88				GROUNDING SYSTEM WINST COST		37,542.84			
15	180	35361		3066		73				GROUND MAT MODIFICATION		40,540.24			
15	180	35361		3066		72				GROUNDING SYSTEM		4,731.89			
15	180	35361		3065		73				ADD'L CHG TO 1972		3,735.12			
15	180	35361		3065		76				ADD'L CHARGE TO 1972		2,072.75			
15	180	35361		3070		92				INST FOUNDATIONS & DUCT		4,931.68			
14	180	35361		3070		70				INST COST TD50 TIMING RELAY		58.58			
15	180	35361		3070		72				INSTALL 1502-10IN DISC INSLTRS		4,740.48			
14	180	35361		3070		73				INST COST 345KV DISCONNECT SWH		23,678.00			
15	180	35361		3070		74				ADD'L CHG TO 1972		3,741.80			
15	180	35361		3070		76				ADDITIONAL CHARGE TO 1973		1,014.18			
14	180	35361		3070		70				ADD'L CHARGE TO 1972		2,076.51			
15	180	35361		3070		72				INST COST TD50 TIMING RELAY		58.58			
14	180	35361		3070		73				INSTALL 30-345KV POST INSLTRS		2,018.51			
15	180	35361		3070		74				INST COST 345KV DISCONNECT SWH		23,678.00			
14	180	35361		3070		76				ADDITIONAL CHARGE TO 1972		1,593.32			
15	180	35361		3070		70				ADDITIONAL CHARGE TO 1973		1,014.18			
14	180	35361		3070		76				ADDITIONAL CHARGES TO 1972		864.19			
15	180	35361		3070		72				INST COST TD50 TIMING RELAY		69.58			
14	180	35361		3070		73				INST 350FT-300MCM ALUM CABLE		1,409.15			
15	180	35361		3070		74				INST COST 345KV DISCONNECT SWH		23,678.00			
14	180	35361		3070		76				ADD'L CHG TO 1972		1,112.32			
15	180	35361		3070		70				ADDITIONAL CHARGE TO 1973		1,014.18			
14	180	35361		3070		76				INSTALL 14.4KV POT TRANSF		617.26			
15	180	35361		3070		72				INST COST TD50 TIMING RELAY		59.58			
14	180	35361		3070		73				INST 7500FT-48 STRAND CABLE		1,528.48			
15	180	35361		3070		74				ADD'L CHG TO 1972		1,443.29			
14	180	35361		3070		76				INSTALL 34.5KV 2000A OCB		800.94			
15	180	35361		3070		70				INST COST BREAKER FAIL. RELAY		104.28			
14	180	35361		3070		72				INSTALL 3960FT-#12 3/C CABLE		235.23			
15	180	35361		3070		73				ADD'L CHG TO 1972		185.08			
15	180	35361		3070		76				ADD'L CHARGE TO 1972		103.04			

AS OF DECEMBER 31, 1997				ACCOUNT		DEPRECIATION		RESERVE		TOTALS		GROSS INVESTMENT		BOOK BALANCE	
FUNCTIONAL DIVISION	LOCATION LD.	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VRITAGE YEAR	PROPERTY DESCRIPTION									
14	180	35361	3070	F	70	INST COST BREAKER FAIL. RELAY						104.28			
15	180	35361	3070	F	72	INSTALL 3500FT-#12 2/C CABLE						188.93			
15	180	35361	3070	F	73	ADD'L CHG TO 1972						149.13			
15	180	35361	3070	F	76	ADDITIONAL CHRGS TO 1972						82.78			
14	180	35361	3070	G	70	INST COST BREAKER FAIL. RELAY						104.28			
15	180	35361	3070	G	72	INSTALL 1300FT-#8 4/C CABLE						1,425.58			
15	180	35361	3070	G	73	ADD'L CHG TO 1972						1,125.28			
15	180	35361	3070	G	76	ADD'L CHARGE TO 1972						624.46			
14	180	35361	3070	H	70	INST COST BREAKER FAIL. RELAY						104.27			
15	180	35361	3070	H	72	INSTALL 2075FT-#8 3/C CABLE						144.50			
15	180	35361	3070	H	73	ADD'L CHG TO 1972						114.06			
14	180	35361	3070	H	76	ADD'L CHARGE TO 1972						63.30			
14	180	35361	3070	I	68	INST COST 115KV POTEN. TRANSF.						120.82			
15	180	35361	3070	I	70	INST COST TD 5 TMING RELAY						59.59			
15	180	35361	3070	I	72	INSTALL 4045FT-#8 2/C CABLE						285.64			
15	180	35361	3070	I	73	ADD'L CHG TO 1972						225.47			
15	180	35361	3070	I	70	ADD'L CHARGE TO 1972						125.12			
14	180	35361	3070	J	00	INST COST 115KV POTEN. TRANSF.						120.03			
14	180	35361	3070	J	70	INST COST FREQUENCY TUNER						715.05			
15	180	35361	3070	J	72	INSTALL 11000FT-#4 4/C CABLE						1,768.09			
15	180	35361	3070	J	73	ADD'L CHG TO 1972						1,398.44			
15	180	35361	3070	J	76	ADD'L CHARGE TO 1972						774.03			
14	180	35361	3070	K	68	INST COST 22KV POTEN. TRANSF.						70.48			
14	180	35361	3070	K	70	INST COST 3035FT #8 TRIPLEX						238.35			
15	180	35361	3070	K	72	INSTALL 1500FT-#4 2/C CABLE						193.04			
15	180	35361	3070	K	73	ADD'L CHG TO 1972						152.37			
15	180	35361	3070	K	76	ADD'L CHARGE TO 1972						84.56			
14	180	35361	3070	L	68	INST COST 22KV POTEN. TRANSF.						70.48			
14	180	35361	3070	L	70	INST COST KC-4 RELAY						89.38			
15	180	35361	3070	L	72	INSTALL 2500FT-#2 3/C CABLE						421.18			
15	180	35361	3070	L	73	ADD'L CHG TO 1972						332.45			
15	180	35361	3070	L	76	ADD'L CHARGE TO 1972						184.49			
14	180	35361	3070	M	88	IC CIR BREAKER 22KV 225A 2P						81.75			
14	180	35361	3070	M	70	INST COST KC-4 RELAY						89.38			
15	180	35361	3070	M	72	INSTALL 5475FT-#12 12/C WIRE						824.43			
15	180	35361	3070	M	73	ADD'L CHG TO 1972						650.77			
15	180	35361	3070	M	76	ADD'L CHARGE TO 1972						361.13			
14	180	35361	3070	N	68	IC CIR BREAKER 115KV 225A 2P						81.76			
14	180	35361	3070	N	70	INST COST 12 STA POST INSUL						715.05			
15	180	35361	3070	N	72	INSTALL 7000FT-#12 7/C WIRE						660.85			
15	180	35361	3070	N	73	ADD'L CHG TO 1972						528.75			
15	180	35361	3070	N	76	ADD'L CHARGE TO 1972						293.42			
14	180	35361	3070	O	68	IC CIR BREAKER 345KV 225A 2P						81.76			

FUNCTIONAL DIVISION	LOCATION LD	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	AS OF DECEMBER 31, 1997			
							GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
15	180	35361	3070	Z	72	INST GANG/OPER DISC SWITCH	721.25			
15	180	35361	3070	Z	73	ADD'L CHG TO 1972	500.32			
15	180	35361	3070	Z	76	ADD'L CHARGE TO 1972	315.94			
15	180	35381	3070	AA	72	INST MOTOR/OPER DISC SWITCH	1,309.20			
15	180	35381	3070	AA	73	ADD'L CHG TO 1972	1,000.77			
15	180	35381	3070	AA	78	ADD'L CHARGE TO 1972	509.76			
15	180	35361	3070	AC	72	INST GANG/OPER DISC SWITCH	721.25			
15	180	35361	3070	AC	73	ADD'L CHG TO 1972	509.32			
15	180	35361	3070	AC	78	ADD'L CHARGE TO 1972	315.94			
15	180	35361	3070	AD	72	INST GANG/OPER DISC SWITCH	721.26			
15	180	35361	3070	AD	73	ADD'L CHG TO 1972	500.32			
15	180	35361	3070	AD	78	ADD'L CHARGE TO 1972	315.04			
15	180	35381	3070	AE	72	INST GANG/OPER DISC SWITCH	721.28			
15	180	35381	3070	AE	73	ADD'L CHG TO 1972	509.33			
15	180	35381	3070	AE	76	ADD'L CHARGE TO 1972	315.94			
15	180	35381	3070	AZ	78	INST 14.4KV POT'L TRANSF	227.51			
14	180	35381	3070	BB	70	INST COST CURR. TRANSF GDK2661	3,378.64			
15	180	35381	3070	BB	72	INST MOTOR/OPER DISC SWITCH	1,368.20			
15	180	35361	3070	BB	73	ADD'L CHG TO 1972	1,000.78			
15	180	35361	3070	BB	76	ADD'L CHARGE TO 1972	589.78			
15	180	35381	3070	BC	76	INST 14.4KV POTENTIAL TRNSF	227.51			
14	180	35381	3070	CC	70	INST COST CURR. TRANSF GDK2661	3,378.63			
15	180	35381	3070	CC	72	INST DISC SW&ACB'S SUPPORT	152.34			
15	180	35361	3070	CC	73	ADD'L CHG TO 1972	120.25			
15	180	35361	3070	CC	76	ADD'L CHARGE TO 1972	68.73			
15	180	35381	3070	CM	76	INST 14.4KV POTENTIAL TRNSF	227.51			
14	180	35381	3070	DD	70	I/C 1170FT 500MCN CU. WIRE	357.53			
15	180	35361	3070	DD	72	INST 60 POST INSULATORS	632.51			
15	180	35381	3070	DD	73	ADD'L CHG TO 1972	499.27			
15	180	35381	3070	DD	78	ADD'L CHARGE TO 1972	277.06			
15	180	35361	3070	DM	76	INST 34.5KV 2000A OCB	5,525.80			
14	180	35361	3070	EE	70	I/C 2000A TRENCH LINE TRAP	1,012.99			
15	180	35361	3070	EE	72	INST 36KVA LIGHTNING ARRESTOR	394.29			
15	180	35361	3070	EE	73	ADD'L CHG TO 1972	311.23			
15	180	35361	3070	EE	78	ADD'L CHARGE TO 1972	172.71			
14	180	35361	3070	FF	70	I/C CURRENT FREQUENCY RECEIVER	268.14			
15	180	35381	3070	FF	72	INST 36KVA LIGHTNING ARRESTOR	304.29			
15	180	35381	3070	FF	73	ADD'L CHG TO 1972	311.23			
15	180	35361	3070	FF	78	ADD'L CHARGE TO 1972	172.71			
15	180	35361	3070	FM	76	I/C 115KV POTENTIAL TRANSF-PCM	749.00			
14	180	35361	3070	GG	70	I/C CURRENT FREQUENCY RECEIVER	268.15			
15	180	35381	3070	GG	72	INST 36KVA LIGHTNING ARRESTOR	304.29			
15	180	35361	3070	GG	73	ADD'L CHG TO 1972	311.24			

FUNCTIONAL DIVISION	LOCATION LD.	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	AS OF DECEMBER 31, 1997			
							GROSS INVESTMENT	ACCOUNT TOTAL	DEPRECIATION RESERVE	BOOK BALANCE
15	180	35361	3070	GG	76	ADD'L CHARGE TO 1972	172.72			
14	180	35361	3070	HH	70	IC CUR. FREQUENCY TRANSMITTER	655.48			
15	180	35361	3070	HH	72	INST 345KVA LIGHTNING ARRESTOR	384.30			
15	180	35361	3070	HH	73	ADD'L CHG TO 1972	311.24			
15	180	35361	3070	HH	78	ADD'L CHARGE TO 1972	172.72			
14	180	35361	3070	II	70	IC TONE EQUIPMENT	538.29			
15	180	35361	3070	II	72	INST 345KVA LIGHTNING ARRESTOR	384.30			
15	180	35361	3070	II	73	ADD'L CHG TO 1972	311.24			
14	180	35361	3070	JJ	78	ADD'L CHARGE TO 1972	172.72			
15	180	35361	3070	JJ	70	INST COST DUPLEX RELAY BOARD	1,251.34			
15	180	35361	3070	JJ	72	INST PHASE RANGE BRKR RELAY	41.82			
15	180	35361	3070	JJ	73	ADD'L CHG TO 1972	33.01			
14	180	35361	3070	JJ	78	ADD'L CHARGE TO 1972	18.32			
15	180	35361	3070	KK	70	IC 38-345KV STA POST INSULATOR	2,204.75			
15	180	35361	3070	KK	72	INST TIME PHASE BRKR RELAY	30.25			
15	180	35361	3070	KK	73	ADD'L CHG TO 1972	23.87			
15	180	35361	3070	KK	76	ADD'L CHARGE TO 1972	13.25			
14	180	35361	3070	LL	70	IC 345KV 2000A AR DISC SWITCH	814.38			
15	180	35361	3070	LL	72	INST CONTROL RELAY PANEL	27.44			
15	180	35361	3070	LL	73	ADD'L CHARGE TO 1972	21.67			
15	180	35361	3070	LL	78	ADD'L CHARGE TO 1972	12.02			
14	180	35361	3070	MM	70	IC 345KV 2000A AR DISC SWITCH	814.37			
15	180	35361	3070	MM	72	INSTALL CONTROL RELAY PANEL	91.48			
15	180	35361	3070	MM	73	ADD'L CHG TO 1972	72.21			
15	180	35361	3070	MM	76	ADD'L CHARGE TO 1972	40.07			
14	180	35361	3070	NN	70	IC 345KV 2000A AR DISC SWITCH	814.37			
15	180	35361	3070	NN	72	INSTALL CONTROL RELAY PANEL	91.48			
15	180	35361	3070	NN	73	ADD'L CHG TO 1972	72.21			
15	180	35361	3070	NN	76	ADD'L CHARGE TO 1972	40.07			
14	180	35361	3070	OO	70	IC MOTOR OPERATOR A DISC SWCH	139.04			
15	180	35361	3070	OO	72	INSTALL CONTROL RELAY PANEL	91.48			
15	180	35361	3070	OO	73	ADD'L CHG TO 1972	72.21			
15	180	35361	3070	OO	78	ADD'L CHARGE TO 1972	40.07			
14	180	35361	3070	PP	70	IC MOTOR OPERATOR A DISC SWCH	139.04			
15	180	35361	3070	PP	72	INSTALL CONTROL RELAY PANEL	91.48			
15	180	35361	3070	PP	73	ADD'L CHG TO 1972	72.21			
15	180	35361	3070	PP	76	ADD'L CHARGE TO 1972	40.07			
14	180	35361	3070	QQ	70	IC MOTOR OPERATOR A DISC SWCH	139.03			
15	180	35361	3070	QQ	72	INSTALL CONTROL RELAY PANEL	91.48			
15	180	35361	3070	QQ	73	ADD'L CHG TO 1972	72.21			
14	180	35361	3070	QQ	78	ADD'L CHARGE TO 1972	40.07			
15	180	35361	3070	RR	70	IC 5KVA CARRIER AUX. RELAY	357.53			
15	180	35361	3070	RR	72	INSTALL CONTROL RELAY PANEL	91.48			

				AS OF DECEMBER 31, 1997						
FUNCTIONAL DIVISION	LOCATION LD.	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
15	180	35361	3070	1277	81	INSTALL PWR LINE TESTER AUTO	368.95			
15	180	35361	3070	1278	81	INSTALL PWR LINE TESTER AUTO	368.95			
15	180	35361	3070	1279	81	INSTALL PWR LINE TESTER AUTO	368.95			
14	180	35361	3070	2661	70	INST CURRENT TRNF PUR IN 1978	360.14			
14	180	35361	3070	349C	68	INST COST 345KV POTEN. DEVICE	508.81			
14	180	35361	3070	345N	68	INST COST 345KV POTEN. DEVICE	292.00			
14	180	35361	3070	345T	68	INST COST 345KV POTEN. DEVICE	171.17			
14	180	35361	3070	355T	68	INST COST 345KV POTEN. DEVICE	281.92			
15	180	35361	3070	5146	68	INST COST 345KV POTEN. DEVICE	281.93			
14	180	35361	3070	6741	91	INSTALL BREAKER	37,701.93			
15	180	35361	3070	6741	68	INST COST 345KV LINE TRAP	221.51			
11	180	35361	3070	9750	74	INSTALL 115KV POT TRNSF	472.61			
14	180	35361	3070	9751	88	INST 1-400 MVA TRANSFORMER	271.60			
15	180	35361	3070	9751	88	INST TRNSFM 400MVA AUTO	20,744.49			
15	180	35361	3070	CBL	91	INSTALL CABLE	10,596.75			
15	180	35361	3070	CKBK	92	INST CIRCUIT BREAKER	62,531.98			
15	180	35361	3070	CKT8	92	INST CIRCUIT BREAKER	(8,663.87)			
15	180	35361	3070	CNDT	91	INSTALL CONDUIT	10,596.74			
15	180	35361	3070	CONO	91	INST COND. INSULATOR & CONNECTOR	7,079.14			
15	180	35361	3070	COND	92	INST CONDUCTORS, INSUL. CONNECTRS	15,790.53			
15	180	35361	3070	DSSW	92	INST DISCONNECT SWITCH	9,261.40			
15	180	35361	3070	L120	97	INST PROTECTIVE RELAYS	3,906.11			
15	180	35361	3070	RDEV	92	INST 12 RELAYING DEVICES	9,421.77			
15	180	35361	3070	RELA	91	INST RELAY DEV. A CONTRL WIRING	(520.51)			
15	180	35361	3070	RELA	92	INST RELAYS	586.85			
15	180	35361	3070	STBS	92	INST STEEL BUS SUPPORT STRUCTR	2,244.53			
15	180	35361	3070	STLS	82	INST 16 STEEL STRUCTURE	1,016.26			
15	180	35361	3070	SWCH	91	INSTALL SWITCH	4,735.96			
15	180	35361	3070	SW#1	92	INST SWITCH	917.89			
15	180	35361	3070	SW#2	92	INST SWITCH	917.84			
15	180	35361	3070	#10	92	INST CONTROL CABLE	1,173.71			
15	180	35361	3070	#104	92	INST CONTROL CABLE	586.85			
15	180	35361	3070	#6	92	INST CONTROL CABLE	586.85			
15	180	35361	3075	EE	78	LINE TRAP 2000A DOUBLE FREQUEN	3,973.04			
14	180	35361	3075	114A	70	2000A TRENCH LINE TRAP	4,954.93			
14	180	35361	3075	6741	68	115KV LINE TRAP	8,492.98			
15	180	35361	3080	A	68	345KV LINE TRAP	8,962.78			
15	180	35361	3080	B	78	GE TUNER W/LEAD IN BUSHINGS	552.61			
15	180	35361	3080	J	76	GE TUNER W/LEAD IN BUSHINGS	552.61			
14	180	35361	3085	A	70	DOUBLE FREQUENCY TUNER	3,605.07			
14	180	35361	3085	B	70	1500A AMMETER	114.91			
14	180	35361	3085	C	70	1500A AMMETER	114.91			
14	180	35361	3085	D	70	1500A AMMETER	114.91			
14	180	35361	3085	D	70	1500A AMMETER	114.91			

AS OF DECEMBER 31, 1997										
FUNCTIONAL DIVISION	LOCATION ID	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VOLTAGE YEAR	PROPERTY DESCRIPTION	GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
14	180	35361	3085	E	70	AB-40 AMMETER	112.26			
14	180	35361	3085	F	70	AB-40 AMMETER	112.25			
14	180	35361	3085	G	70	AB-40 AMMETER	112.25			
14	180	35361	3085	O	70	40AC 3PH 3W WATTMETER	273.48			
15	180	35361	3085	P	70	40AC 3PH 3W VARMETER	273.48			
15	180	35361	3085	TT	72	20 HATHAWAY INST GALVANOMETERS	732.21			
15	180	35361	3085	TT	73	ADD'L CHG TO 1972	577.97			
15	180	35361	3085	TT	78	ADD'L CHARGE TO 1972	320.73			
15	180	35361	3105	0851	72	400MVA-MCGRAWED-AUTO TRNSF	88,807.65			
15	180	35361	3105	0851	73	ADD'L CHG TO 1972	72,458.95			
14	180	35361	3105	0851	76	ADD'L CHARGES TO 1972	44,387.30			
11	180	35361	3105	2661	78	PURCH 345KV CURRENT TRANSFORMER	21,790.36			
14	180	35361	3105	9751	86	PURCH 1 - 400 MVA TRANSFORMER	15,701.61			
14	180	35361	3105	9751	86	TRNSFR 400MVA ME C085751	1,199,278.95			
14	180	35361	3125	A	70	TD50 TIMING RELAY	326.17			
14	180	35361	3125	B	70	TD50 TIMING RELAY	326.17			
14	180	35361	3125	C	70	TD50 TIMING RELAY	326.17			
14	180	35361	3125	D	70	TD50 TIMING RELAY	326.18			
14	180	35361	3125	E	70	BREAKER FAILURE RELAY	527.55			
14	180	35361	3125	F	70	BREAKER FAILURE RELAY	527.55			
14	180	35361	3125	G	70	BREAKER FAILURE RELAY	527.55			
14	180	35361	3125	H	70	BREAKER FAILURE RELAY	527.56			
14	180	35361	3125	I	70	TD5 TIMING RELAY	207.17			
14	180	35361	3125	L	70	KC-4 RELAY	493.76			
14	180	35361	3125	M	70	KC-4 RELAY	493.76			
14	180	35361	3125	Q	70	8A SC-3 RELAY UNIT WINST COST	172.38			
14	180	35361	3125	R	70	KD-4 1PH DISTANCE RELAY	959.31			
14	180	35361	3125	S	70	KD-4 1PH DISTANCE RELAY	959.31			
14	180	35361	3125	T	70	KD-4 1PH DISTANCE RELAY	959.31			
14	180	35361	3125	U	70	KD-4 1PH DISTANCE RELAY	959.32			
15	180	35361	3125	U	72	BREAKER FAILURE PROTECT RELAY	88.50			
15	180	35361	3125	U	73	ADD'L CHG TO 1972	68.85			
15	180	35361	3125	U	73	ADD'L CHARGE TO 1972	38.77			
14	180	35361	3125	V	70	AUX RELAY WINST COST	353.68			
14	180	35361	3125	W	70	AUX RELAY WINST COST	353.67			
14	181	35361	3125	X	68	RECLOSING RELAY SGR12 WM.C.	285.81			
14	181	35361	3125	X	70	IRD-8 GROUND BACK-UP RELAY	479.35			
14	181	35361	3125	Y	68	AUX. RELAY WINST COST	180.81			
14	181	35361	3125	Z	68	RELAY TYPE SC1678395 WM.C.	365.21			
14	181	35361	3125	Z	70	SDA GROUND RELAY	523.35			
14	181	35361	3125	AA	68	RELAY TYPE SC1678395 WM.C.	365.21			
14	180	35361	3125	AA	70	18 AUX RELAYS WINST COST	847.52			
15	180	35361	3125	JJ	72	BRKR FAILURE RELAY-PHASE RANGE	107.53			

FUNCTIONAL DIVISION		LOCATION	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
15	180	35381	3155	WW	78	ADD'L CHARGE TO 1972	17.67				
14	180	35361	5025		74	OIL SPILL BARRIORS	3,163.49				
14	180	35361	6620	V	70	KC-4 FAULT DETECTOR	552.14				
14	180	35361	6620	W	70	KC-4 FAULT DETECTOR	552.14				
14	181	35381	6930		68	TV 11IN ZENITH	157.22				
14	180	35381	7120		68	CABLE TRENCH WINST COST 14DFT	14,353.86				
15	180	35361	7120		72	CABLE TRENCH WINST INSTALLATION	3,173.76				
15	180	35361	7120		73	ADD'L CHG TO 1972	2,505.21				
15	180	35361	7120		78	ADD'L CHG TO 1972	1,390.23				
14	180	35361	7610	A	70	63FT CL2 CEDAR POLE	236.25				
14	180	35361	7610	B	70	63FT CL2 CEDAR POLE	236.25				
14	180	35361	7810	C	70	63FT CL2 CEDAR POLE	236.25				
14	180	35361	7610	D	70	63FT CL2 CEDAR POLE	236.25				
14	180	35361	7610	E	70	63FT CL2 CEDAR POLE	236.26				
14	180	35361	7610	F	70	63FT CL2 CEDAR POLE	236.26				
15	180	35361	7694		72	167FT 13-36FT GALV STEEL POLES	236.26				
15	180	35361	7694		73	ADD'L CHG TO 1972	3,431.37				
15	180	35361	7694		76	ADD'L CHG TO 1972	2,708.57				
14	180	35361	7735	U	68	LIGHTNING ARREST. 345KV OB	1,503.08				
14	180	35361	7735	V	68	LIGHTNING ARREST. 345KV OB	5,287.72				
14	180	35361	7735	W	68	LIGHTNING ARREST. 345KV OB	5,287.73				
15	180	35381	7735	EE	72	345KVA LIGHTNING ARRESTOR	5,287.73				
15	180	35361	7735	EE	73	ADD'L CHG TO 1972	1,248.50				
15	180	35361	7735	EE	70	ADD'L CHARGE TO 1972	985.57				
15	180	35361	7735	FF	72	345KVA LIGHTNING ARRESTOR	546.93				
15	180	35361	7735	FF	73	ADD'L CHG TO 1972	1,248.50				
15	180	35361	7735	FF	70	ADD'L CHARGE TO 1972	985.58				
15	180	35381	7735	GG	72	345KVA LIGHTNING ARRESTOR	546.93				
15	180	35361	7735	GG	73	ADD'L CHG TO 1972	1,248.50				
15	180	35361	7735	GG	70	ADD'L CHARGE TO 1972	985.58				
15	180	35381	7735	HH	76	345KVA LIGHTNING ARRESTOR	546.93				
15	180	35361	7735	HH	72	ADD'L CHG TO 1972	1,248.60				
15	180	35361	7735	HH	73	ADD'L CHARGE TO 1972	985.58				
15	180	35381	7735	II	78	345KVA LIGHTNING ARRESTOR	546.93				
15	180	35301	7735	II	72	ADD'L CHG TO 1972	1,248.60				
15	180	35381	7735	II	73	ADD'L CHARGE TO 1972	985.58				
15	180	35381	7742	A	76	1902-10IN DISC INSULATORS	5,564.91				
15	180	35381	7742	A	73	ADD'L CHG TO 1972	4,392.07				
15	180	35381	7742	A	70	5004FT. CONDUIT SIN.	2,437.04				
14	180	35381	7813		70	10184FT SIN. CONDUIT	1,464.85				
14	180	35361	7825	MH11	68	MANHOLE #MH11	12,532.11				
14	180	35361	7825	MH12	68	MANHOLE #MH12	798.37				
							798.37				

FUNCTIONAL DIVISION	LOCATION LD.	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VINTAGE YEAR	PROPERTY DESCRIPTION	AS OF DECEMBER 31, 1977			
							CAOS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
15	180	35361	7825	MH21	72	MANHOLE WINSTALLATION	392.05			
15	180	35361	7825	MH21	73	ADD'L CHG TO 1972	300.48			
15	180	35361	7825	MH21	78	ADD'L CHARGE TO 1972	171.73			
15	180	35361	7825	MH22	72	MANHOLE WINSTALLATION	392.08			
15	180	35361	7825	MH23	73	ADD'L CHG TO 1972	300.47			
15	180	35361	7825	MH23	78	ADD'L CHARGE TO 1972	171.74			
14	180	35361	7828	HHT1	68	HANDHOLE #HHT1	609.57			
14	180	35361	7828	HHT2	68	HANDHOLE #HHT2	609.57			
14	180	35361	7853		70	9 POTHEADS-TERMINATORS W/L.C.	1,012.08			
14	180	35361	8299	00	70	MOTOR OPERATOR A DISC SWITCH	722.73			
14	180	35361	8299	PP	70	MOTOR OPERATOR A DISC SWITCH	722.74			
14	180	35361	8299	QQ	70	MOTOR OPERATOR A DISC SWITCH	722.74			
15	180	35361	8338	SW#1	92	1 SWITCH -1200AMP 25KV BYPASS	2,708.91			
15	180	35361	8338	SW#2	02	1 SWITCH -1200AMP 25KV BYPASS	2,708.91			
15	180	35361	8338	DSSW	92	DISCONNECT SWITCH 115KV 2000A	3,805.08			
15	180	35361	8338	6WCH	91	SWITCH W/STAND-2000AMP	5,010.71			
14	180	35361	8378	FMK0	68	DISCONNECT SWITCH 34.5KV 1200A	1,621.00			
14	180	35361	8378	FMK4	68	DISCONNECT SWITCH 34.5KV 1200A	1,620.99			
14	180	35361	8379	C	68	DISCONNECT SWITCH 115KV 1200A	5,854.96			
14	180	35361	8379	D	68	DISCONNECT SWITCH 345KV 1600A	10,575.43			
14	180	35361	8379	E	68	DISCONNECT SWITCH 345KV 1600A	10,575.43			
14	180	35361	8379	F	68	DISCONNECT SWITCH 345KV 1600A	10,575.43			
14	180	35361	8379	G	68	DISCONNECT SWITCH 345KV 1600A	10,575.43			
14	180	35361	8379	H	68	DISCONNECT SWITCH 345KV 1600A	10,575.44			
15	180	35361	8379	X	72	DISCONNECT SWITCH 345KV 1600A	10,575.44			
15	180	35361	8379	X	73	345KVA GANG/OPER DISC SWITCH	1,176.78			
15	180	35361	8379	X	76	ADD'L CHG TO 1972	928.89			
15	180	35361	8378	Y	72	345KVA GANG/OPER DISC SWITCH	515.47			
15	180	35361	8379	Y	73	ADD'L CHG TO 1972	1,176.78			
15	180	35361	8378	Y	78	ADD'L CHARGE TO 1972	928.89			
15	180	35361	8379	Z	72	345KVA GANG/OPER DISC SWITCH	515.47			
15	180	35361	8378	Z	73	ADD'L CHG TO 1972	1,176.78			
15	180	35361	8378	Z	78	ADD'L CHARGE TO 1972	928.89			
15	180	35361	8379	AA	72	345KVA MOTOR/OPER DISC SWITCH	515.47			
15	180	35361	8379	AA	73	ADD'L CHG TO 1972	2,233.95			
15	180	35361	8379	AA	78	ADD'L CHARGE TO 1972	1,763.37			
15	180	35361	8378	AC	72	ADD'L CHARGE TO 1972	878.58			
15	180	35361	8378	AC	73	345KVA GANG/OPER DISC SWITCH	1,176.78			
15	180	35361	8378	AC	76	ADD'L CHG TO 1972	928.89			
15	180	35361	8379	AD	72	ADD'L CHARGE TO 1972	515.48			
15	180	35361	8378	AD	73	345KVA GANG/OPER DISC SWITCH	1,176.78			
15	180	35361	8379	AD	78	ADD'L CHG TO 1972	928.90			
15	180	35361	8379	AD		ADD'L CHARGE TO 1972	515.48			

FUNCTIONAL DIVISION	LOCATION LD	PLANT ACCOUNT	UNIT NUMBER	SERIAL NUMBER	VRITAGE YEAR	PROPERTY DESCRIPTION	AS OF DECEMBER 31, 1997			
							GROSS INVESTMENT	ACCOUNT TOTALS	DEPRECIATION RESERVE	BOOK BALANCE
14	181	39181	5835	0281	68	PLAN HOLD COMBO DRAW FILE CABIN	173.40			
14	181	39181	5935	0282	68	LETTER FILE	15.85			
14	181	39182	5930	0284	76	DESK	67.10			
14	181	39182	5930	0284	77	ADDITIONAL CHARGES	67.10			
14	181	39182	5960	0283	78	STURGIS HIGH STOOL W/BACK REST	28.15			
14	181	39182	5960	0283	77	ADDITIONAL CHARGES	28.15			
14	181	39182	5960	A018	78	STURGIS HIGH STOOL W/BACK REST	28.15			
14	181	39182	5960	A018	77	ADDITIONAL CHARGES	28.15			
ACCOUNT TOTAL								438.05	258.00	178.05
GRAND TOTALS								15,674,524.99	13,595,750.00	1,301,000.00

April 1, 1993
SATRANSADPERC016_SWYTD.WK1

Schedule 2.2(f)

Other Excluded Assets

Nothing To Disclose

Schedule 5.3(a)

Consents and Approvals

All approvals required under the Indenture and the approval of Canal Electric Company under the Project Documents.

Schedule 5.3(b)

Seller Required Regulatory Approvals

Any required approvals under the Federal Power Act, (ii)(A) notice by the Seller to, and an order by, the MDTE approving the transactions contemplated by this Agreement and the Related Agreements, (B) if required, the approval by the RIPUC of the market valuation "implementation methodology" files in RIPUC Docket 2592, pursuant to section 39-1-27.4(g) of the Rhode Island General Laws, (C) the approval by the RIPUC of the "Transfer Plan" filed in RIPUC Docket 2514, pursuant to section 39-1-27(a) of the Rhode Island General Laws, (D) if required, notice by the Seller to, and an order by, the Connecticut Department of Public Utility Control, (iii) the approval, if required, of the SEC pursuant to the Holding Company Act, (iv) the filings by the Seller and the Buyer required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act, and (v) the approval, if required, of the Nuclear Regulatory Commission.

Schedule 5.6

Undisclosed Liabilities

The Seller specifically makes no warranties and representations of any kind, whether direct or implied, that any of the hardware, software, and firmware product (including embedded microcontrollers in non-computer equipment) which may be included in the Assets to be transferred under this Agreement (the "Computer Systems") is Year 2000 Compliant.

For purposes of this provision, "Year 2000 Compliant" shall mean that all of the Computer Systems will correctly differentiate between years, in different centuries, that end in the same two digits, and will accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, including leap year calculations. It shall also include any remediation necessary to correct software problems which may result from so-called "magic numbers", such as "9999".

Schedule 5.7

Absence of Certain Changes or Events

Nothing To Disclose

Schedule 5.8

Title and Related Matters

Nothing To Disclose

Schedule 5.9

Real Property Leases

(Included as Project Documents)

1. License Agreement dated February 5, 1974 between George P. Baker, et al, Trustees of Property of Penn Central Transportation Company (debtor), as licensor, and Canal Electric Company and Montaup Electric Company, jointly as licensee, regarding crossing for 30 inch pipe, not recorded (Railroad Agreement No. C-708(1)).
2. License Agreement dated February 5, 1974 between George P. Baker, et al, Trustees of Property of Penn Central Transportation Company (debtor), as licensor, and Canal Electric Company and Montaup Electric Company, jointly as licensee, regarding crossing for one 36-inch steel pipe, not recorded (Railroad Agreement No. C-708(2)).
3. License Agreement dated February 5, 1974 between George P. Baker, et al, Trustees of Property of Penn Central Transportation Company (debtor), as licensor, and Canal Electric Company and Montaup Electric Company, jointly as licensee, regarding crossing for one 36-inch steel pipe, not recorded (Railroad Agreement No. C-708(3)).
4. License Agreement dated February 5, 1974 between George P. Baker, et al, Trustees of Property of Penn Central Transportation Company (debtor), as licensor, and Canal Electric Company and Montaup Electric Company, jointly as licensee, regarding crossing for one 42-inch steel pipe, not recorded (Railroad Agreement No. C-708(4)).
5. License Agreement dated February 5, 1974 between George P. Baker, et al, Trustees of Property of Penn Central Transportation Company (debtor), as licensor, and Canal Electric Company and Montaup Electric Company, jointly as licensee, regarding crossing for three (3) 345,000 volt aerial power wires and two (2) shield wires, not recorded (Railroad Agreement No. C-708(5)).

Schedule 5.10
Environmental Matters

Massachusetts Department of Environmental Protection Notice of Responsibility RTN:
#4-13525 (RTN assigned NOR not received as of 4/10/98)

Massachusetts Department of Environmental Protection Notice of Responsibility RTN:
#4-13791 (RTN assigned NOR not received as of 4/10/98)

RAM Environmental, LLC - Initial Site Investigation Report RTN#4-13525 - dated October
31, 1997

RAM Environmental, LLC - Supplemental Phase I Report RTN #4-13525 - (TO COME)

RAM Environmental, LLC - Release Abatement Measure Plan RTN #4-13791 - (TO COME)

Massachusetts Contingency Plan - Release Notification Form - dated November 17, 1997

Canal Spill Prevention Control and Countermeasures - Environmental Protection Agency
Inspection Correspondence dated March 26, 1998, Re: 40 CFR 112

Canal Facility Response Plan - Environmental Protection Agency Inspection Correspondence
(FRP01A0052) dated March 26, 1998, Re: 40 CFR 112

Administrative Consent Order ACO-SE-92-7002 Re: Opacity dated April 29, 1993

Schedule 5.11(a)

Certain Contracts and Arrangements
(Included as Project Documents)

Service Agreement No. 95500 between Algonquin, Canal Electric Company and Montaup Electric Company, dated July 25, 1995.

Schedule 5.11(b)

Validity and Effectiveness of Certain Contracts and Arrangements

Nothing To Disclose

Schedule 5.11(c)

Defaults Under Certain Contracts and Arrangements

Nothing To Disclose

Schedule 5.12

Legal Proceedings

A referendum question has been posed to repeal the Massachusetts Electric Restructuring Act, Chapter 164 of the Acts of 1997, as enacted by the Massachusetts General Court on November 25, 1997. The vote regarding the referendum will occur on November 3, 1998.

Schedule 5.14

Taxes

Nothing To Disclose

Schedule 5.16

Condemnation

Nothing To Disclose

Schedule 5.17

With Respect To Operating Permits

All matters disclosed in the documents set forth in Schedule 5.10.

SCHEDULE 6.3
BUYER'S REGULATORY APPROVALS

1. FERC approval of "exempt wholesale generator" status for the Buyer under Section 32 of the Holding Company Act;
2. FERC approval of Buyer's acquisition of FERC jurisdictional assets under Section 203 of the Federal Power Act;
3. FERC approval under Section 204 of the Federal Power Act, to the extent necessary, of any issuance of securities by the Buyer;
4. FERC approval under Section 205 of the Federal Power Act of any sales of electricity, transmission service, or ancillary services by Buyer, including without limitation Buyer's receipt from FERC of authority to sell electricity at wholesale at market rates and the approval by FERC of any wholesale power sales agreements to be transferred by Seller to Buyer;
5. Any determinations or other approvals from state commissions (including the MDTE) necessary under Section 32(c) of the Holding Company Act for the Assets to be eligible facilities and for the Buyer to own such assets as an exempt wholesale generator under Section 32 of the Holding Company Act;
6. Any approvals required under Massachusetts or Rhode Island law for the Buyer to acquire, finance, own or operate the Assets or to sell or distribute power therefrom (including any applicable approvals required from the MDTE and the Rhode Island Public Utilities Commission);
7. Any approval required from any governmental entity pursuant to any Environmental law, in order to own and operate the Unit(s) as they currently exist.
8. The transfer of the Operating Permits to the Buyer and the issuance or grant of any additional licenses, certificates, permits, consents, approvals or other authorizations from any governmental entity necessary for Buyer to acquire, own and operate the Assets and to sell power at wholesale except for those licenses, certificates, permits, consents, approvals or other authorizations which, if not obtained, in the aggregate would not have a material adverse effect on Buyer or on its ability to acquire, own, and operate the Assets and to sell power at wholesale; and
9. The filings by the Buyer and the Seller required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act.

Schedule 7.1

Operations Outside of Normal Course of Business

Nothing To Disclose

EXHIBIT MJH-5

Wholesale Standard Offer Service Agreement

**Wholesale Standard Offer
Service Agreement**

between

Blackstone Valley Electric Company

Eastern Edison Company

Newport Electric Corporation

and

Southern Energy New England, L.L.C.

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Appendix A Schedule of Supplier's Share of Offer Service and Standard Offer Wholesale Price

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

This Wholesale Standard Offer Service Agreement ("Agreement"), is made and entered into this 15th day of May, 1998, between Eastern Edison Company, ("Eastern") a Massachusetts Corporation; Blackstone Valley Electric Company ("Blackstone"), a Rhode Island Corporation; and Newport Electric Corporation ("Newport"), a Rhode Island Corporation (referred to individually as the "Company" or collectively as the "Companies"), on the one hand, and Southern Energy New England, L.L.C., a Delaware Limited Liability Company ("Supplier"), on the other hand.

WHEREAS, the Supplier will purchase certain electric resources from Montaup Electric Company, under an asset sale agreement, (the "Asset Sale Agreement") dated May 15, 1998; and as condition of such purchase and sale Supplier is required to assume a share of the Companies' Standard Offer Service under this Agreement; and

WHEREAS, the Companies are required to provide firm all- requirements service to any retail customer that is eligible for and is taking Standard Offer Service in accordance with the Settlement Agreements; and

WHEREAS, this Agreement provides for the transfer, from the Companies to Supplier, of the responsibility for providing firm all-requirements electric service including capacity, energy, reserves, losses and other related services necessary to serve a specified share of the Companies' aggregate load of retail customers taking Standard Offer Service; and

WHEREAS, by entering into this Agreement, Supplier agrees to provide and the Companies agree to receive and pay for electricity provided in accordance with the terms and conditions of this Agreement and the applicable Appendices, subject to any actions by any governmental bodies having regulatory jurisdiction over services rendered hereunder.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, Supplier and Companies agree to the terms and conditions as set forth below:

ARTICLE 1. Definitions

Whenever used in this Agreement, the following terms shall have the following meanings. In addition, except as otherwise expressly provided, where terms used in this Agreement are defined in the Restated NEPOOL Agreement and not otherwise defined herein, such terms shall have the meanings given them in the Restated NEPOOL Agreement.

"Affiliate" shall mean any other entity (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For purposes of the foregoing the definition of "control" means the direct or indirect ownership of more than seventy percent of the outstanding capital stock or other equity interest having ordinary voting power.

"Agreement" shall mean this Agreement, including its Appendices as amended from time to time.

"Commencement Date of Service" shall mean the later of the Closing Date as defined in the Asset Sales Agreement or the date on which required regulatory approvals have been obtained.

"Contract Year" shall mean any calendar year, or in the case of 1998 part of a calendar year, after the Commencement Date of Service in which Supplier is scheduled to provide electricity to the Companies for Standard Offer Service.

"Companies' System" shall mean the electrical distribution systems of Blackstone, Newport, Eastern, and/or the electrical transmission system of Montaup Electric Company, as applicable.

"Delivered Energy" shall mean the kilowatt-hours delivered to the meters of those retail customers taking Standard Offer Service.

"Delivery Point" shall be any location on the NEPOOL PTF system or Companies' System.

"D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy or its successor state regulatory agency.

"Good Utility Practice" ~ Any of the applicable practices, methods and acts (i) required by NEPOOL, the Northeast Power Coordinating Council, the North American Electric Reliability Council, the ISO or the successor of any of them; (ii) required by the policies and standards of the D.T.E. relating to emergency operations; or (iii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period; which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Good utility practice is intended to be acceptable practices, methods or acts generally accepted in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

"ISO" shall mean ISO New England, Inc., the independent system operator established in accordance with the Restated NEPOOL Agreement, or its successor.

"NEPOOL" shall mean the New England Power Pool or its successor.

"Party" or "Parties" shall mean the Supplier and the Companies and their respective successors and assigns.

"Price" shall mean the annual amount per kilowatt-hour to be paid for Delivered Energy set forth in Article 5 with no variation for time-of-use, seasonality, or any other factor except as specified in Article 5. The Companies or their Standard Offer customers shall not be obligated under this Agreement for any payments for Delivered Energy in addition to the payments made pursuant to Article 5.

"PTF" shall mean the facilities categorized as Pool Transmission Facilities as defined in the Restated NEPOOL Agreement.

"P.U.C." shall mean the Rhode Island Public Utilities Commission or its successor state regulatory agency.

"Restated NEPOOL Agreement" shall mean the New England Power Pool Agreement dated December 31, 1996, as amended from time to time, as it is in force at the time the action in question is taken.

"Settlement Agreements" shall mean any agreement or agreements that have been approved by the D.T.E. in Docket No. 96-24, P.U.C. in Docket No. 2514, and the Federal Energy Regulatory Commission in Docket Nos. ER97-2800-000 and ER97-3127-000, together with all conditions, terms and modifications imposed by those agencies.

"Standard Offer Service" shall mean firm all-requirements electric service (minute by minute, hour by hour, day by day) including, but not limited to: energy, installed capability, operable capability, reserves, and associated losses necessary to fulfill all NEPOOL and ISO obligations as they may change from time to time associated with providing firm all requirements power to the Companies' retail customers taking Standard Offer Service in accordance with the Settlement Agreements.

"Standard Offer Wholesale Price" shall mean the stipulated stream of prices, in cents per kilowatt-hour, that will be paid to suppliers of Standard Offer Service for Delivered Energy, as shown in Appendix A.

"Terms and Conditions for Suppliers" shall mean the Blackstone Valley Electric Company and Newport Electric Corporation Terms and Conditions for Electric Power Suppliers dated May 29, 1997 as approved by the P.U.C., or the Eastern Edison Company Terms and Conditions for Competitive Suppliers as approved by the D.T.E., as applicable. These Terms and Conditions may be revised, amended, supplemented, or supplanted in whole or in part from time to time by the P.U.C. or D.T.E. or as otherwise provided by law.

ARTICLE 2. Term

The term of this Agreement shall begin on the Commencement Date of Service and end at 12:00 midnight on December 31, 2009, unless terminated sooner in accordance with Article 8 or 9.

ARTICLE 3. Supplier Responsibilities

Supplier shall, prior to the Commencement Date of Service, (i) be a member, in good standing, of NEPOOL or its successor entity and maintain an own-load dispatch or settlement account established in accordance with the rules and criteria established by the ISO throughout the term of this agreement, or (ii) have an agreement in place, for the full term of this Agreement, with a NEPOOL member whereby the NEPOOL member agrees to include the load to be served by Supplier under this Agreement in its own-load dispatch or settlement account. In addition, Supplier must satisfy registration and certification requirements, as the case may be, as a Non-Regulated Power Producer in Massachusetts and Rhode Island.

Supplier is responsible for providing firm all-requirements service necessary to serve its share, as shown in Appendix A attached hereto, of the Companies aggregate load attributed to those customers taking Standard Offer Service, including changes in Standard Offer Service customer demand for any reason, including, but not limited to, seasonal factors, daily load fluctuations, increased or decreased usage, demand side management activities, extremes in weather, and other similar events.

As a provider of Standard Offer Service, Supplier is solely responsible for satisfying all requirements and paying all costs incurred or to be incurred to provide those generation-related services including, without limitation, all costs or other requirements to furnish installed capability, operable capability, energy, operating reserves, line losses, automatic generation control, and other generation-related ancillary services associated with the provision of its share of Standard Offer Service. Supplier is also solely responsible for meeting any other requirements and paying any other cost now or hereafter imposed by the ISO from time to time which are attributable to the provision of Standard Offer Service, as they may arise. If the ISO or any successor entity or NEPOOL allocates any expenses or uplift costs to the Standard Offer Service provided by the Supplier (on a load or peak load basis or otherwise), the expenses or costs so allocated will be borne by the Supplier alone without recourse to the Companies.

Supplier shall be responsible for all transmission and distribution losses associated with the delivery of electricity supplied under this Agreement from the sources of its supply to the meters of those customers taking Standard Offer Service; provided, however, the Companies shall operate their respective distribution systems in accordance with Good Utility Practice.

Supplier is responsible for any transmission wheeling costs to the Delivery Point and any distribution wheeling costs associated with supply sources not included in Companies' approved distribution rates. If the NEPOOL control area experiences congestion, Supplier will be responsible for any congestion costs incurred in delivering power to the Delivery Point(s). In the

event that NEPOOL adopts a transmission congestion management approach assigning priority rights or other benefits to transmission customers serving native load in the congested area, then, if so requested by Supplier, the Companies shall assign to the Supplier at no cost the proportional share of such priority rights or other benefits associated with Seller's proportional share of Standard Offer Service under this Agreement at such time. Supplier shall be responsible for all transmission and distribution costs associated with the use of transmission systems outside of NEPOOL and any local point-to-point transmission charges and distribution charges incurred to deliver the power to the NEPOOL PTF or the Companies' systems.

In the event that either the D.T.E. or the P.U.C. issue orders requiring the Companies to implement uniform disclosure requirements that pertain to the reporting of information regarding power plant emissions, fuel types, or labor information for the sources of electricity used to supply Standard Offer Service, the Supplier will provide, subject to any confidentiality obligations to which it is bound, such information in a timely manner in an appropriate form to enable the Companies to comply with such requirements.

ARTICLE 4. Estimation of Hourly Loads and Reporting to the ISO

To meet their NEPOOL obligations, the Companies shall report to the ISO Supplier's share of hourly Standard Offer Service load, including distribution and non-PTF losses. As required by NEPOOL, the Companies will make all reasonable efforts to report to the ISO Supplier's hourly share of Standard Offer Service load by 12:00 noon of the second following business day. In making such reports, the Companies will estimate Supplier's share of Standard Offer Service load based on the methods and procedures approved in Terms and Conditions for Suppliers on file with the P.U.C. and D.T.E., as amended from time to time.

As described in the Terms and Conditions for Suppliers, to determine Supplier's share of Delivered Energy, at the end of each month, the Companies shall aggregate Supplier's hourly Standard Offer Service loads as reported to the ISO for each hour of the month. The Supplier's aggregate share of Standard Offer Service, excluding losses, will be deemed to be the quantity of Delivered Energy that Supplier provided for that month and is the unadjusted kWh amount to be used for Billing and Payment as described in Article 6.

The Companies will periodically reconcile the Delivered Energy to actual meter readings of those customers taking Standard Offer Service, as described in the Terms and Conditions for Suppliers. The Companies will apply any resulting billing adjustment (debit or credit) to Supplier's account no later than the last day of the third month following the billing month.

ARTICLE 5. Price

For each kilowatt-hour of Delivered Energy that Supplier provides in each month, as determined in accordance with Article 4 and the Terms and Conditions for Suppliers, the Companies shall pay Supplier the applicable Price for the month in cents per kilowatt-hour calculated as follows:

$$\text{Price} = \text{Standard Offer Wholesale Price} \\ + \text{Fuel Adjustment Factor}$$

Where: Standard Offer Wholesale Price in cents per kilowatt hour is as defined in Article 1 and shown in Appendix A, and

Fuel Adjustment Factor is a cents per kilowatt-hour adder based on the incremental revenues collected, if any, attributed to the operation of the Retail Standard Offer Fuel Index ("Fuel Index") mechanism in the Companies' Standard Offer Service tariffs. The revenues attributed to the Fuel Index will be fully allocated to Suppliers in proportion to the Standard Offer Service energy provided by each Supplier for the applicable billing month through the Fuel Adjustment Factor. The Fuel Index, and the resulting Fuel Adjustment Factor to be paid to Supplier, will be made subject to regulatory approval and only to the extent that the Companies are allowed to collect such revenues from their retail customers taking Standard Offer Service.

With the exception of any sales or gross receipt taxes which are required by law to be paid by Standard Offer Service customers, the Price for Delivered Energy as set forth herein includes all local, state, and federal taxes, fees and levies applicable as of the date hereof. For any new taxes, fees and levies, assessed with respect to the services provided by Supplier after the Commencement Date of Service, the Companies will fully support and pursue in good faith the recovery of any such new tax, fee and levy imposed on Supplier from the Companies' Standard Offer Service customers. To the extent such new taxes, fees and levies are allowed to be recoverable by the Companies from their Standard Offer Service customers, the Companies shall reimburse Supplier for such generation related taxes, fees and levies paid by Supplier.

ARTICLE 6. Billing and Payments

Until reconciled with actual metered data pursuant to the Terms and Conditions of Suppliers, computations by the Companies of the charges for the purposes of billings hereunder shall be based on estimates of Supplier's Delivered Energy in accordance with Article 4 and the Price as determined in accordance with Article 5. The Companies shall calculate the amount payable to Supplier for a given month on or before the twentieth (20th) day of the following month. The calculation shall be provided to Supplier and shall show the total amount due and

payable for the previous month. Each bill shall be subject to adjustment for any errors in arithmetic computation, estimating, reconciliation pursuant to the Terms and Conditions of Suppliers or otherwise only to the extent allowed by the terms of this Article 6.

On or before the last day of each month, Companies shall pay Supplier any amounts due and payable for the Delivered Energy provided by Supplier in the previous month ("Due Date"). Any amount remaining unpaid after the Due Date shall bear interest at the Prime Rate then in effect at the main office of BankBoston, or such other lending institution as agreed to by Companies and Supplier, from the Due Date to the date of payment by Companies.

If Supplier disputes the amount of any bill or payment, Supplier shall itemize the basis for its dispute in a written notice to Companies within fifteen days after the Due Date. Billing and payment disputes shall be handled in accordance with the provisions of Article 13 of this Agreement. Upon final resolution of the dispute, payment of any amount due to a Party under the terms of the resolution shall be made within thirty (30) days of the date thereof, together with interest from and after the original Due Date at the rate specified in this Article.

The Companies may make retroactive adjustments to any billing for a period of up to one year from the date of the original billing in order to reflect differences in charges resulting from receipt of more accurate data. Supplier may dispute such adjustment in writing within thirty (30) days of receipt of the proposed adjustment.

ARTICLE 7. Security Provisions

As a condition of this Agreement and upon execution hereof, the Supplier shall deliver to the Companies a financial surety to secure Supplier's performance under this Agreement under one of the following forms:

(1) Except as otherwise provided in this Article, Supplier shall at all times during the term of this Agreement (i) maintain an investment grade rating on its senior debt securities, as determined by Standard & Poor's Corporation, Moody's Investors Service, Inc. or another nationally recognized rating service reasonably acceptable to the Companies and (ii) maintain total assets of at least \$500,000,000 times the percentage of the Companies' Standard Office Service which is initially satisfied by the Wholesale Standard Offer Service under this Agreement (the foregoing items (i) and (ii) being herein referred to as the "Creditworthiness Criteria"). If on the Commencement Date of Service or at any time during the term of this Agreement the Supplier shall fail to meet the Creditworthiness Criteria, then the Supplier shall promptly deliver to the Companies an unconditional and irrevocable guaranty of its obligations under this Agreement in form and substance acceptable to the Companies and issued by an entity meeting the Creditworthiness Criteria (a "Guaranty"). The amount of any such Guaranty shall be the difference between the value of Supplier's total assets and its requirements pursuant to part (ii) of the Creditworthiness Criteria; provided, however, that if Supplier meets or exceeds its obligations pursuant to part (ii) of the Creditworthiness Criteria no Guaranty will be required of it. Supplier or the issuer of the Guaranty, as applicable, shall certify to the Companies no less frequently than the end of every calendar quarter that it meets the Creditworthiness Criteria (which certification shall include such calculations and evidence as the Companies shall reasonably request from time to time), and shall deliver financial statements to the Companies certified by a firm of certified

public accountants of national standing at least annually within sixty (60) days following the end of the Supplier's or the guarantor's fiscal year.

(2) In lieu of meeting the Creditworthiness Criteria or delivering the Guaranty as required in Article 7(1), Supplier shall have the right on the Commencement Date of Service to deliver to the Companies an irrevocable standby letter of credit issued by a commercial bank reasonably acceptable to the Companies. The amount of such letter of credit shall be calculated annually based on the following formula:

$$SD(n) = SF \times STDL(n-1) \times \{ (PSTD(n) \times TD(n)) + (PSTD(n+1) \times TD(n+1)) + (PSTD(n+2) \times TD(n+2)) + \dots + (PSTD(2009) \times TD(2009)) \}$$

Where:

- SD(n)** is the Security Deposit in Contract Year (n)
- SF** is the Security Fee equal to \$10.00/MWh
- STDL(n-1)** is the aggregate load of those customers taking Standard Offer Service in the previous Contract Year (n-1), expressed in MWh. In Contract Year 1998, STDL shall be 4,500,000 MWh.
- PSTD(n)** is the percentage share of Standard Offer Service load that the Supplier has committed to provide in Contract Year (n) as shown in Appendix A.
- TD(n)** is the Transition Discount in Contract Year (n), calculated as follows:

TD(n)	= 1.00
TD(n+1)	= (7-1)/7 = 0.857
TD(n+2)	= (7-2)/7 = 0.714
TD(n+3)	= (7-3)/7 = 0.571
TD(n+4)	= (7-4)/7 = 0.429
TD(n+5)	= (7-5)/7 = 0.286
TD(n+6)	= (7-6)/7 = 0.143
TD(n+7)	= 0
TD(n+8)	= 0
TD(n+9)	= 0
TD(n+10)	= 0
TD(n+11)	= 0

The letter of credit shall be available to be drawn upon by the Companies in the event that an event of default occurs with respect to the Supplier hereunder and shall otherwise be in form and substance reasonably acceptable to the Companies (the "Initial Letter of Credit"). The draw down on the Initial Letter of Credit shall be limited to the amount the Companies are entitled to pursuant to Article 8(2) hereof. The bank issuing such Initial Letter of Credit on behalf of a Supplier must maintain a long term debt rating of "A" or better from Standard and Poor's Rating Service or Moody's Investment Service.

The Initial Letter of Credit, if not issued for the full term of the Supplier's Standard Offer Service obligation, shall be renewed on an annual basis or replaced and superseded by a like kind of surety at least thirty (30) days prior to the expiration of such prior surety on a continuing basis to the termination of this Agreement or until Supplier's share of Standard Offer Service load is zero. The amount of such financial surety may be amended on an annual basis to reflect the security amount calculated pursuant to this Article 7 for the remaining term of this Agreement, provided that, if such Initial Letter of Credit is drawn down upon by the Companies, Supplier shall have no duty to renew or replace it with a letter of credit having a face amount greater than that remaining on the drawn down Initial Letter of Credit.

ARTICLE 8. Events of Default, Liability, Relationship of the Companies

(1) Unless excused by a Force Majeure as described in Article 10, each of the following events shall be deemed to be an Event of Default hereunder:

- (a) Failure of the Company to pay when due any undisputed payment due to Supplier and such failure shall continue for five (5) days following the receipt of written notice from the Supplier specifying the overdue amount.
- (b) Failure of Supplier, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, and such failure is not cured or rectified within forty-five (45) days after receipt of written notice thereof from the Companies.
- (c) Failure of the Companies, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, other than as described in (a) above, and such failure is not cured or rectified within forty-five (45) days after receipt of written notice thereof from the Supplier.
- (d) Failure of Supplier to maintain any of the security requirements outlined in Article 7, and such failure is not cured or rectified within ten (10) days after notice thereof from the Companies.
- (e) And with respect to the Supplier, any Company and/or the Companies, a custodian, receiver, liquidator or trustee for such Party is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty days; or the Party makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts as they mature; or the Party is adjudicated as bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against the Party; or any material property of the Party is sequestered by court order

and the order remains in effect for more than sixty days; or a petition is filed against the Party under any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law of any jurisdictions, whether now or subsequently in effect, and is not stayed or dismissed within sixty days after filing; or the Party files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or the Party consents to the filing of any petition against it under any such law; or the Party consents to the appointment or taking possession by a custodian, receiver, trustee or liquidator of the Party or any material portion of its property.

(2) Upon the occurrence of an Event of Default by the Companies, the Companies shall be liable to the Supplier for any direct damages resulting from the Event of Default, including, but not limited to, reasonable additional administrative and legal expenses incurred as a result of Companies failure to perform. Supplier shall take all commercially reasonable measures to mitigate such direct damages. In addition, the Supplier may unconditionally terminate this Agreement by giving written notice to the Companies, such termination to be effective as of the date specified in such notice. Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the Companies, herein are several and not joint. Each of the Company's share of such rights and obligations shall be determined by the portion of its monthly Standard Offer Service requirements represented as a percentage of the Companies' total Standard Offer Service requirements during the period of time in which the right, obligation or liability in questions arose, accrued and/or matured, and in the event of difficulty or a dispute in determining the appropriate period of time, during the entire duration of the Agreement.

(3) Upon the occurrence of an Event of Default by the Supplier, the Supplier shall be liable to the Companies for all costs reasonably incurred by the Companies resulting from Supplier's failure to deliver its share of the Standard Offer Service. Such amount shall include the positive difference, if any, obtained by subtracting the per unit Price established in Article 5, from the per unit Replacement Price. The positive difference shall be applied to each kilowatthour that Supplier fails to deliver.

"Replacement Price" shall mean the price at which the Companies acting in a commercially reasonable manner purchase substitute Standard Offer Service not delivered by Supplier, plus any additional transmission and NEPOOL charges, incurred by the Companies. The Parties hereby stipulate that purchases at the applicable NEPOOL spot market prices will be deemed commercially reasonable.

The Parties expressly agree that the amounts set forth in this Article 8(3) do not constitute liquidated damages. In addition to the amounts established in this Article 8(3) above, the Supplier shall be liable to the Companies for any additional direct damages resulting from an Event of Default associated with reasonable additional administrative and legal expenses incurred as a result of Supplier's failure to perform, and the Companies may unconditionally terminate this Agreement by giving at least sixty (60) days advance written notice to the Supplier, such termination to be effective as of the date specified in such notice. The Parties expressly agree that

the Companies may exercise their rights under the financial surety provided under Article 7 to collect any and all amounts owed and due from the Supplier resulting under this Article 8.

Nothing in this Article 8 shall be construed to limit the right of any party to seek any remedies for a breach specified in this Agreement by the other Party or Parties of its or their obligations hereunder, whether or not such breach results in a termination of this Agreement under this Article 8 and whether or not such breach is cured per Articles 8(1)(a) or 8(1)(b), or during any period during which the non-breaching Party elects not to exercise its right to terminate this Agreement. In particular, each Party shall have the right to seek a specific performance of any of the obligations of any other Party hereunder.

ARTICLE 9. Termination

In addition to the termination rights for an Event of Default provided in Article 8, the Companies may terminate this Agreement if Supplier's share of Standard Offer Service load is less than one (1) megawatt for two consecutive months.

ARTICLE 10. Force Majeure

As used in this Agreement, "Force Majeure" means any cause beyond the reasonable control of, and without the fault or negligence of, the Party claiming Force Majeure. A Force Majeure shall include, without limitation, sabotage, strikes, riots or civil disturbance, acts of God, acts of a public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or any similar cataclysmic occurrence, or appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof, but only if and to the extent that the event adversely affects the availability of the transmission or distribution facilities of NEPOOL and/or its participants, the Companies or an affiliate of the Companies, and such affected facilities are necessary to deliver Standard Offer Service electricity to the Standard Offer Service customers.

An event that affects the availability or cost of operating any transmission or distribution facilities outside the NEPOOL control area, affects the availability or cost of operating a generating facility, or any event that merely causes an economic hardship to either Party shall not be deemed a Force Majeure.

If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure as defined above, that Party shall be excused from whatever performance is affected by the Force Majeure, to the extent so affected, provided that:

- (a) The non-performing Party promptly, but in no case longer than five (5) working days after the occurrence of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence;
- (b) The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure;

- (c) The non-performing Party uses reasonable efforts to remedy its inability to perform and expeditiously takes reasonable action to correct or cure the event or condition; and
- (d) The non-performing Party exercises all reasonable efforts to mitigate or limit damages to the other Party. With respect to the Supplier, this shall mean that Supplier must purchase, at its own expense, electricity from the NEPOOL market to meet its obligations under this Agreement, to the extent such electricity is available and deliverable.

ARTICLE 11. Assignment

Unless mutually agreed to by the Parties, no assignment, pledge, or transfer of this Agreement shall be made by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld, except no prior written consent shall be required for (i) the assignment, pledge or other transfer to another company or Affiliate in the same holding company system as the assignor, pledgor or transferor, provided, the assignee, pledgee or transferee expressly assumes and demonstrates, to the reasonable satisfaction of the non-assigning Party, that it can meet the obligations of the assignor, pledgor or transferor under this Agreement, or (ii) the transfer, incident to a merger or consolidation with, or transfer of all (or substantially all) of the assets of the transferor, to another person or business entity, provided, such transferee expressly assumes, and demonstrates to the reasonable satisfaction of the non-assigning party that it can meet, all the obligations of the assignor, pledgor or transferor under this Agreement; provided, however, that no such assignment by the Companies shall serve to expand or increase the magnitude of Supplier's obligation, as referenced in Appendix A, to provide Standard Offer Service to the assignee. Notwithstanding any of the foregoing, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements; and Seller may without the consent of the Companies', transfer, sell, assign or pledge this Agreement or the accounts, revenues or proceeds hereof in connection with any sale or transfer of the generating facilities so long as the transferee satisfies the requirements of Article 7.

ARTICLE 12. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assignees.

ARTICLE 13. Resolution of Disputes

Subject to Article 8(3), all disputes between the Companies and Supplier resulting from or arising out of performance under this Agreement shall be referred to a senior representative of the Companies with authority to settle, designated by the Companies, and a senior representative of Supplier with authority to settle, designated by Supplier, for resolution on an informal, face-to-face basis as promptly as practicable. The Parties agree that such informal discussion shall be conducted in good faith. The discussions between such representatives shall be considered "settlement talks" under Rule 403 of the Federal Rules of Evidence or analogous Massachusetts rules or practices and such discussions shall have no evidentiary value provided, however, that

either Party may introduce evidence of matters discussed in such settlement talks, if the facts and documents reflecting such matters are discovered or otherwise come into a Party's possession independent of such settlement talks. In the event the designated senior representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Companies and the Supplier may jointly agree upon, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedure set forth herein if the Companies and Supplier jointly agree to submit it to arbitration. For any dispute or claim arising out of or relating to any charges incurred under this Agreement having a value less than or equivalent to \$100,000, such arbitration shall be mandatory. Nothing in this Article 13 shall prevent the Companies from issuing, pursuant to Sections 1(a) and (3) of Article 8, notice of failure to comply with, observe or perform this Agreement.

The arbitration shall be conducted before a single neutral arbitrator or arbitrator panel appointed by the Parties. If the Parties agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, that arbitrator shall serve, otherwise the Companies and Supplier shall each choose one arbitrator, who shall serve on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to act as chairman of the arbitration panel. If the two arbitrators are unable to select a third arbitrator, each arbitrator shall select three candidates. A list of the six candidates, along with their resumes, shall be provided in alphabetical order, with no indication of the arbitrator who selected such candidate or the Party who selected the arbitrator who selected such candidate, to the American Arbitration Association ("AAA"), who will select one candidate. If that candidate is unable or unwilling to serve, AAA shall select another candidate. This process will be repeated until a third arbitrator is selected or the list of candidates is exhausted. If the list of candidates is exhausted, the arbitrators shall submit a new list of candidates and the process set forth above shall be repeated a second time. In all cases, the arbitrator(s) shall be knowledgeable in electric utility matters, including electricity transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration or any affiliate of such Party.

Except as otherwise provided herein, the arbitrator(s), shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration, except as specifically authorized by a vote of the panel. The Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her, or their appointment and shall notify the Parties in writing of such decision and the reasons therefor, and shall make an award apportioning the payment of the costs and expenses of arbitration, including panel costs, among the Parties, provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to amend or modify this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards required under the Federal Arbitration Act (9 U.S.C.A. Sect. 1 et. al.) and/or The Uniform Arbitration Act, as adopted in Massachusetts (M.G.L. c. 251, Sect. 1 et seq.).

ARTICLE 14. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and shall be controlled by the laws of the Commonwealth of Massachusetts, without regard to Massachusetts conflict of law principles.

ARTICLE 15. Severability of Provisions

Subject to the provisions of Article 13, a holding by any court having jurisdiction that any provision of this Agreement is invalid or unenforceable shall not result in invalidation or unenforceability of the entire Agreement but all remaining terms shall remain in full force and effect.

ARTICLE 16. Accounts and Records

The Companies and Supplier shall keep complete and accurate records of their operations hereunder and shall maintain such data for a period of at least two (2) years after final billing. The Companies and Supplier shall have the right, during normal business hours, to examine and inspect all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statement of charges associated with service hereunder.

ARTICLE 17. Limitations on Liability and Indemnification

Each Party agrees to indemnify, defend, and hold the other Party (including the other Party's affiliated companies, trustees, directors, board members, officers, employees, and agents) harmless from and against any and all damages, costs, claims, liabilities, actions or proceedings arising from or claimed to have arisen from the wrongful acts or omissions of the indemnifying Party's employees or agents, unless caused by an act of negligence or willful misconduct by the indemnified Party (including the Party's affiliated companies, trustees, directors, board members, officers, employees or agents).

The Parties hereby waive and release the other Party as well as the other Party's affiliated companies, trustees, directors, officers, employees, and agents from any liability, claim, or action arising from damage to its property due to the performance of this Agreement.

To the fullest extent permissible by law, neither the Companies nor Seller, nor their respective officers, directors, agents, employees, parent or Affiliates, successors or assigns, or their respective officers, directors, agents or employees, successors or assigns, shall be liable to the other party or its parent, subsidiaries, Affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action for incidental, indirect, special ,

punitive, multiple or consequential damages (including attorneys' fees or litigation costs) connected with or resulting from performance or non-performance of the Agreement, or any actions undertaken in connection with or related to this Agreement, including without limitation any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, Massachusetts General Laws Chapter 93A, statute, operation of law, or any other theory of recovery. The provisions of this Section 17 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

ARTICLE 18. Regulation

(1) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable state and federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authority having jurisdiction, provided, however, that this Agreement shall not be subject to change through unilateral application under Sections 205 and 206 of the Federal Power Act.

(2) This Agreement is intended to comply with all NEPOOL Criteria, Rules, and Standards ("Rules"). If, during the term of this Agreement, the Restated NEPOOL Agreement is terminated or amended in a manner that would eliminate or alter a Rule affecting a right or obligation of a Party hereunder, or if such a Rule is eliminated or altered by NEPOOL or the ISO, in a manner which materially affects the costs and obligations to provide Standard Offer Service, the Companies and Supplier shall meet to determine appropriate compensation to the affected Party. In the event that the Parties are not able to agree on the materiality of the cost or obligations or the amount to be reimbursed, Parties shall attempt to resolve the matter in accordance with Article 13.

(3) In the event that the Standard Offer Service or the Terms and Conditions for Suppliers are terminated, amended or replaced by any governmental or regulatory agency having jurisdiction over the provision of Standard Offer Service in a manner which materially increases Supplier's costs or obligations to provide Standard Offer Service or the Companies are prevented from recovering from customers taking Standard Offer Service the cost of electricity provided by Supplier, the Companies and Supplier shall meet to determine appropriate compensation to the negatively impacted Party. In the event that the Parties are not able to agree on the materiality of the increased cost or obligations or the amount to be reimbursed, Parties shall attempt to resolve the matter in accordance with Article 13.

ARTICLE 19. Notices

Any notice, demand, or request permitted or required under this Agreement shall be delivered in person or mailed by certified mail, postage prepaid, return receipt requested, or otherwise confirmed receipt, to a Party at the applicable address set forth below:

To Companies:

Kevin A. Kirby
Vice President – Power Supply
EUA Service Corporation
P. O. Box 543
750 West Center Street
West Bridgewater, MA 02379

To Supplier:

Randall E. Harrison
Vice President
Southern Energy New England, L.L.C.
900 Ashwood Parkway
Suite 500
Atlanta, GA 30338

with a copy to:

Troutman Sanders LLP
NationsBank Plaza, Suite 5200
600 Peachtree Street NE
Atlanta, Georgia 30308

Attention: Robert C. Marshall, Esq.

and

Rubin and Rudman, L.L.P.
50 Rowes Wharf
Boston, MA 02110

Attention: Andrew J. Newman, Esq.

Such addresses may be changed from time to time by written notice by either Party to the other Party.

ARTICLE 20. Miscellaneous:

- (1) Each Party shall prepare, execute and deliver to the other Party any documents reasonably required to implement any provision hereof.**
- (2) Each Party represents to the other that this Agreement and such Party's performance thereof are within the corporate powers of such Party and have been duly authorized by proper corporate action on the part of such Party.**
- (3) Any number of counterparts to this Agreement may be executed and each shall have the same force and effect as the original.**
- (4) This Agreement shall constitute the entire understanding between the Parties and shall supersede all prior correspondence and understandings pertaining to the subject matter of this Agreement.**
- (5) Failure of either Party to enforce any provision of this Agreement or to require performance by the other Party of any of the provisions hereof, shall not be construed as a waiver of such provisions or affect the validity of this Agreement, any part hereof, or the right of either Party to thereafter enforce each and every provision.**
- (6) Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.**
- (7) Nothing in this Agreement shall be construed as creating any relationship between the Parties other than that of independent contractor for the sale and purchase of electricity at wholesale.**
- (8) Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the Companies herein are several and not joint. Each of the Companies share of such rights and obligations shall be determined by the portion of its monthly Standard Offer Service energy requirements represented as a percentage of the Companies' total Standard Offer Service requirement.**

IN WITNESS WHEREOF, Supplier and the Companies have caused this Agreement to be signed by their respective duly authorized representatives as of the date first above written.

Supplier:

SOUTHERN ENERGY NEW ENGLAND, L.L.C.

By: 

Name: Randall E. Harrison

Title: Vice President

On Behalf of the Companies:

Blackstone:

BLACKSTONE VALLEY ELECTRIC COMPANY

By: 

Name: Michael J. Hirsh

Title: Vice President

Eastern:

EASTERN EDISON COMPANY

By: 

Name: Michael J. Hirsh

Title: Vice President

Newport:

NEWPORT ELECTRIC CORPORATION

By: 

Name: Michael J. Hirsh

Title: Vice President

APPENDIX A

SCHEDULE OF SUPPLIER'S SHARE of STANDARD OFFER SERVICE AND STANDARD OFFER WHOLESALE PRICE

TABLE 1

Calendar Year	Supplier's Share of Standard Offer Service <u>In Percent</u>	Standard Offer Wholesale <u>Price</u>
1998	30.4523%	3.2 cents/kWh
1999	30.4523%	3.5 cents/kWh
2000	30.4523%	3.8 cents/kWh
2001	30.4523%	3.8 cents/kWh
2002	30.4523%	4.2 cents/kWh
2003	30.4523%	4.7 cents/kWh
2004	30.4523%	5.1 cents/kWh
* 2005	30.4523%	5.5 cents/kWh
2006	30.4523%	5.9 cents/kWh
2007	30.4523%	6.3 cents/kWh
2008	30.4523%	6.7 cents/kWh
2009	30.4523%	7.1 cents/kWh

* Standard Offer Service for Eastern Edison terminates at 12:00 midnight on February 28, 2005.

Option to Reduce Supplier's Share

Prior to January 1, 1999, the Companies may reduce Supplier's percentage share of Standard Offer Service shown above by the same amount for each year for the remaining term of Standard Offer Service under the auction procedures specified in the Settlement Agreement; provided however, that once the Companies have elected to reduce Supplier's share of Standard Offer Service, such percentage share cannot be increased.

EXHIBIT MJH-6

Guaranty

GUARANTY

This Guaranty (this "Guaranty"), dated as of May 15, 1998, is given by Southern Energy, Inc., a Delaware corporation (the "Guarantor"), in favor of Montaup Electric Company ("Montaup").

RECITALS

WHEREAS, Southern Energy New England, L.L.C., a Delaware limited liability company and a direct or indirect wholly-owned subsidiary of the Guarantor (the "Buyer"), has entered into an Asset Sale Agreement of even date herewith with Montaup (the "Asset Sale Agreement"), pursuant to which the Buyer has agreed to purchase and Montaup has agreed to sell Montaup's interests in certain electric generating assets, as more particularly set forth therein; and

WHEREAS, Guarantor has agreed to guarantee the payment obligations of Buyer under the Asset Sale Agreement; and

WHEREAS, it is a condition to the obligations of Montaup under the Asset Sale Agreement that the Guarantor execute and deliver this Guaranty; and

WHEREAS, the Guarantor will benefit from the transactions contemplated by the Asset Sale Agreement.

NOW, THEREFORE, the Guarantor agrees as follows:

Section 1. Definitions. Capitalized terms used herein shall have the meanings assigned to them herein or, if not defined herein, then such terms shall have the meanings assigned to them in the Asset Sale Agreement.

Section 2. Guaranty. (a) Guarantor hereby absolutely and irrevocably guarantees to Montaup, as primary obligor and not merely as a surety, the full and prompt payment when due of all obligations of the Buyer under the Asset Sale Agreement, subject to any limitations on the obligations of the Buyer contained therein (all of such obligations collectively, the "Guaranteed Obligations"). Guarantor agrees that such obligations shall forthwith become due and payable by Guarantor for the purposes of this Guaranty upon the occurrence of any event or condition giving rise to the obligation of the Buyer so to pay under the Asset Sale Agreement. The liability of Guarantor under this Guaranty is a guaranty of payment and not of collection.

(b) Notwithstanding anything to the contrary in this Guaranty, this Guaranty and the obligations of the Guarantor hereunder shall terminate and be of no further force and effect from the earlier of either (i) the occurrence of the Closing under the Asset Sale Agreement or (ii) the performance by the Guarantor or the Buyer of the Guaranteed Obligations in full.

Section 3. Guaranty Absolute. The liability of Guarantor under this Guaranty shall be unaffected by:

(1) any lack of validity of the Asset Sale Agreement which is caused by an act or failure to act of Buyer or the Guarantor;

(2) the occurrence or continuance of any event of bankruptcy, reorganization or insolvency with respect to Buyer or any other Person (for purposes hereof, "Person" shall include any natural person, corporation, partnership, firm, association, governmental authority or any other entity whether acting in an individual, fiduciary or other capacity), or the dissolution, liquidation or winding up of Buyer or any other Person;

(3) any amendment, supplement, reformation or other modification of the Asset Sale Agreement;

(4) the exercise, non-exercise or delay in exercising, by Montaup or any other Person of any of their rights and remedies under this Guaranty or the Asset Sale Agreement;

(5) any permitted assignment or other transfer of this Guaranty by Montaup, or any permitted assignment or other transfer of the Asset Sale Agreement in whole or in part;

(6) any change in control of the Buyer;

(7) any sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in Buyer; or

(8) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses.

Section 4. Waiver. In addition to waiving any defenses to which clauses (1) through (8) of Section 3 may refer:

(1) Guarantor waives, and agrees that it shall not at any time insist upon, plead or in any manner whatever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshalling of assets or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent or otherwise affect

the performance by Guarantor of its obligations under, or the enforcement by Montaup of, this Guaranty.

(2) Guarantor waives all notices, diligence, presentment and demand (whether for nonpayment or protest or of acceptance, maturity, extension of time, change in nature or form of the Guaranteed Obligations, acceptance of security, release of security, composition or agreement arrived at as to the amount of, or the terms of, the Guaranteed Obligations, notice of adverse change in Buyer's financial condition, or any other fact which might materially increase the risk to Guarantor hereunder) with respect to the Guaranteed Obligations which are not specifically provided for in the Asset Sale Agreement, and any other demands whatsoever which are not specifically provided for in the Asset Sale Agreement, and waives the benefit of all provisions of law which are in conflict with the terms of this Guaranty.

(3) Until payment and satisfaction in full of all Guaranteed Obligations, Guarantor irrevocably waives any right it may have to bring a case or proceeding against Buyer by reason of its performance under this Guaranty or with respect to any other obligation of Buyer to Guarantor, under any state or federal bankruptcy, insolvency, reorganization, moratorium or similar laws for the relief of debtors.

Section 5. Representations and Warranties. Guarantor represents and warrants as follows:

(1) Due Organization. Guarantor is a corporation duly organized and validly existing under the laws of the State of Delaware.

(2) Power and Authority. Guarantor has full corporate power, authority and legal right to enter into this Guaranty and to perform its obligations hereunder.

(3) Due Authorization. This Guaranty has been duly authorized, executed and delivered by Guarantor.

(4) Enforceability. This Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(5) No Conflicts. The execution and delivery by Guarantor of this Guaranty and the performance by Guarantor of its obligations hereunder will not (i) violate the provisions of Guarantor's certificate of incorporation or bylaws; (ii) violate the provisions of any law applicable to Guarantor or the transactions contemplated hereby; or (iii) result in a breach of or constitute a default under any agreement to which Guarantor is a party or by which it or its assets or property are bound which breach or default would have a material adverse effect on Guarantor's ability to perform its obligations hereunder.

(6) No Proceedings. There is no action, suit or proceeding at law or in equity or by or before any governmental authority or arbitral tribunal now pending or, to the best knowledge of Guarantor, threatened against Guarantor which reasonably could be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(7) No Claims. Guarantor's obligations under this Guaranty are not subject to any offsets or claims of any kind against Buyer or Montaup or any other Person.

Section 6. Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in full force and effect until terminated in accordance with Section 2(b).

Section 7. Independent and Separate Obligations. The obligations of Guarantor hereunder are independent of the obligations of Buyer with respect to all or any part of the Guaranteed Obligations and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not any other such obligations exist, whether or not Guarantor is the alter ego of Buyer and whether or not Buyer is joined therein or a separate action or actions are brought against Buyer.

Section 8. Repayment and Reinstatement. If any claim is ever made upon Montaup or any Person claiming through Montaup for repayment or disgorgement of any amount or amounts received by Montaup from the Buyer in payment of the Guaranteed Obligations and Montaup or such Person, as the case may be, repays or disgorges all or any part of said amount, then, notwithstanding any revocation or termination of this Guaranty, Guarantor shall be and remain liable to Montaup or such Person, as the case may be, under the terms of the Guaranty for the amount so repaid, to the same extent as if such amount had never originally been received by Montaup or such Person, as the case may be.

Section 9. Amendments; Waivers; Etc. Neither this instrument nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by Montaup and Guarantor. No delay or failure by Montaup to exercise any remedy against Buyer or Guarantor will be construed as a waiver of that right or remedy. No failure on the part of Montaup to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by any applicable law.

Section 10. Severability. In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other instrument evidencing or securing the Guaranteed Obligations, the terms of this Guaranty shall remain fully valid and effective. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective.

Section 11. Assignment.

(1) Assignability. Guarantor shall not have the right to assign any of Guarantor's rights or obligations under this Guaranty. Montaup may, at any time and from time to time, assign, in whole or in part, the rights of Montaup hereunder to any Person to whom Montaup has the right to assign its rights or obligations under and, pursuant to the terms of the Asset Sale Agreement, whereupon such assignee shall succeed to all rights of Montaup hereunder.

(2) Successors and Assigns. Subject to Section 11(a) hereof, all of the terms of this instrument shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 12. Address for Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Asset Sale Agreement and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

Section 13. JURISDICTION.

(1) TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN BOSTON, MASSACHUSETTS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY, AND GUARANTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH A COURT. GUARANTOR AND MONTAUP HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDINGS BY THE MAILING OF COPIES OF SUCH PROCESS TO GUARANTOR AT ITS ADDRESS SPECIFIED BELOW THE SPACE FOR ITS EXECUTION OF THIS GUARANTY. GUARANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(2) TO THE EXTENT THAT GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS OTHERWISE CONSENTED TO IN PARAGRAPH (a) OF THIS SECTION (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, TO THE EXTENT PERMITTED BY LAW, GUARANTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY.

Section 14. GOVERNING LAW. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS EXCEPT THE CHOICE OF LAW RULES.

Section 15. Entire Agreement. This Guaranty contains the complete agreement of Guarantor with respect to the matters contained herein and supersedes all other negotiations or agreements, whether written or oral, with respect to the subject matter hereof.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty effective as of the date first above written.

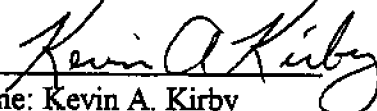
SOUTHERN ENERGY, INC.

By: 
Name: Randall E. Harrison
Title: Vice President

Address: 900 Ashwood Parkway
Suite 500
Atlanta, Georgia
Attn: Randall E. Harrison

ACCEPTED AND AGREED:

MONTAUP ELECTRIC COMPANY

By: 
Name: Kevin A. Kirby
Title: Vice President

Address: c/o EUA Service Corporation
750 West Center Street
West Bridgewater, Massachusetts 02379
Attn: Manager - Power Resources
Telephone: (508) 559-2000
Facsimile: (508) 559-8932

(BS2 49571.2)

EXHIBIT MJH-7

Bill of Sale and Agreement

BILL OF SALE AND AGREEMENT

MONTAUP ELECTRIC COMPANY, a Massachusetts corporation (hereinafter called the "Seller"), in consideration of the sum of six-hundred and one-thousand five-hundred sixty seven dollars and zero cents (\$601,567.00 U.S.), the receipt of which is hereby acknowledged, paid by:

Commonwealth Electric Company
2421 Cranberry Highway
Wareham, MA 02571

(Hereinafter called the "Buyer"), does hereby grant, sell and convey, on an "AS-IS, WHERE-IS-WITH-ALL-FAULTS" basis, all its right, title and interest in and to the following:

Transmission and transformation related facilities located in Sandwich, MA more commonly referred to as the "Canal Switchyard and Relay House" area. These facilities are listed in their entirety in Attachment A to this Agreement.

By acceptance of this Bill of Sale, the Buyer indemnifies and holds Seller harmless from any and all liability of whatever nature including, but not limited to bodily injury, death, and/or damage to property arising out of the use of or in connection with the above property in any way.

THE SELLER HEREBY DISCLAIMS ANY AND ALL WARRANTIES, INCLUDING BUT NOT LIMITED TO THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

The sale of the property described herein is subject to receipt from all regulatory authorities of all appropriate permits and approvals, without condition or modification not acceptable to the parties, and which are in final form and are no longer subject to rehearing or appeal.

The parties agree that the aforementioned amount shall be adjusted to be equal to the net book value, as reflected on the Seller's books of account, in accordance with the Uniform Systems of Accounts for Public Utilities subject to the provisions of the Federal Power Act, as of the date of Closing, of the items of property described herein, and any additions or retirements to the property list appended hereto. Any such adjustment shall be made by the Seller within thirty (30) days of the date of Closing, and the parties further agree that any payment or reimbursement associated with such adjustment shall be made within thirty (30) days of receipt of the aforementioned adjustment statement.

IN WITNESS WHEREOF, the Seller and Buyer have caused these presents to be executed by its authorized official this 23rd day of June, 1998.

MONTAUP ELECTRIC COMPANY

By: Kevin A. Kirby

Kevin A. Kirby
Vice-President, Power Supply

COMMONWEALTH ELECTRIC COMPANY

By: Kevin F. Roberts

Kevin F. Roberts
Vice-President, Operations

ACKNOWLEDGMENT

Commonwealth of Massachusetts
County of Plymouth

June 23, 1998

BEFORE ME, on this day personally appeared and known to be to be the persons whose names are subscribed to this instrument, and acknowledged to me that the above persons executed the same as the free act and deed of Montaup Electric Company and Canal Electric Company.

Patricia M. Roy
Notary Public

My commission expires February 23, 2001

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Attachment A

**Canal Unit #2 Related Switchyard Facilities
Being Sold to
Commonwealth Electric Company**

June 22, 1998

MONTAUP ELECTRIC COMPANY					R.P.F.
1997 CANAL II TRANSMISSION INVESTMENT					
FOR PURPOSES OF BILL OF SALE AND AGREEMENT					
April 30, 1998					
Description	Percentage to Total	Gross Investment	Accumulated Depreciation	Net Investment	
UTILITY PLANT IN SERVICE @ 12/31/97					
Relay House	4.04%	\$50,897	(\$27,449)	\$23,448	
Auto Transformer	16.58%	208,881	(112,650)	96,230	
Potential Transformer	2.38%	29,984	(16,171)	13,814	
Relay System & Controls	16.85%	212,282	(114,485)	97,798	
circuit Breakers	22.65%	285,353	(153,892)	131,461	
Foundation & Supports	13.94%	175,621	(94,713)	80,908	
Transmission Structure (cables, arrestors, steel, anchor bolts)	5.92%	74,582	(40,223)	34,360	
Conductors, Insulators & Connectors	4.86%	61,228	(33,021)	28,207	
Switches	5.97%	75,212	(40,562)	34,650	
345KV 2000A Oil Circuit Breaker	1.97%	24,819	(13,385)	11,434	
Miscellaneous Transmission Equipment	4.84%	60,976	(32,885)	28,091	
SUB-TOTAL		1,259,836	(679,435)	580,401	
CONSTRUCTION WORK IN PROCESS @4/30/98					
Montaup Work Authorization	Canal Work Authorization	Description	Amount		
121C	8212.1	Relay Upgrade	5,881		
122C	8212.2	Relay Upgrade	4,818		
123C	8212.3	Relay Upgrade	5,907		
124C	8212.4	Relay Upgrade	2,062		
128C	8212.8	Relay Upgrade	2,498		
		SUB-TOTAL	21,166		
		GRAND TOTAL	\$601,567		
APRIL 22, 1998					
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